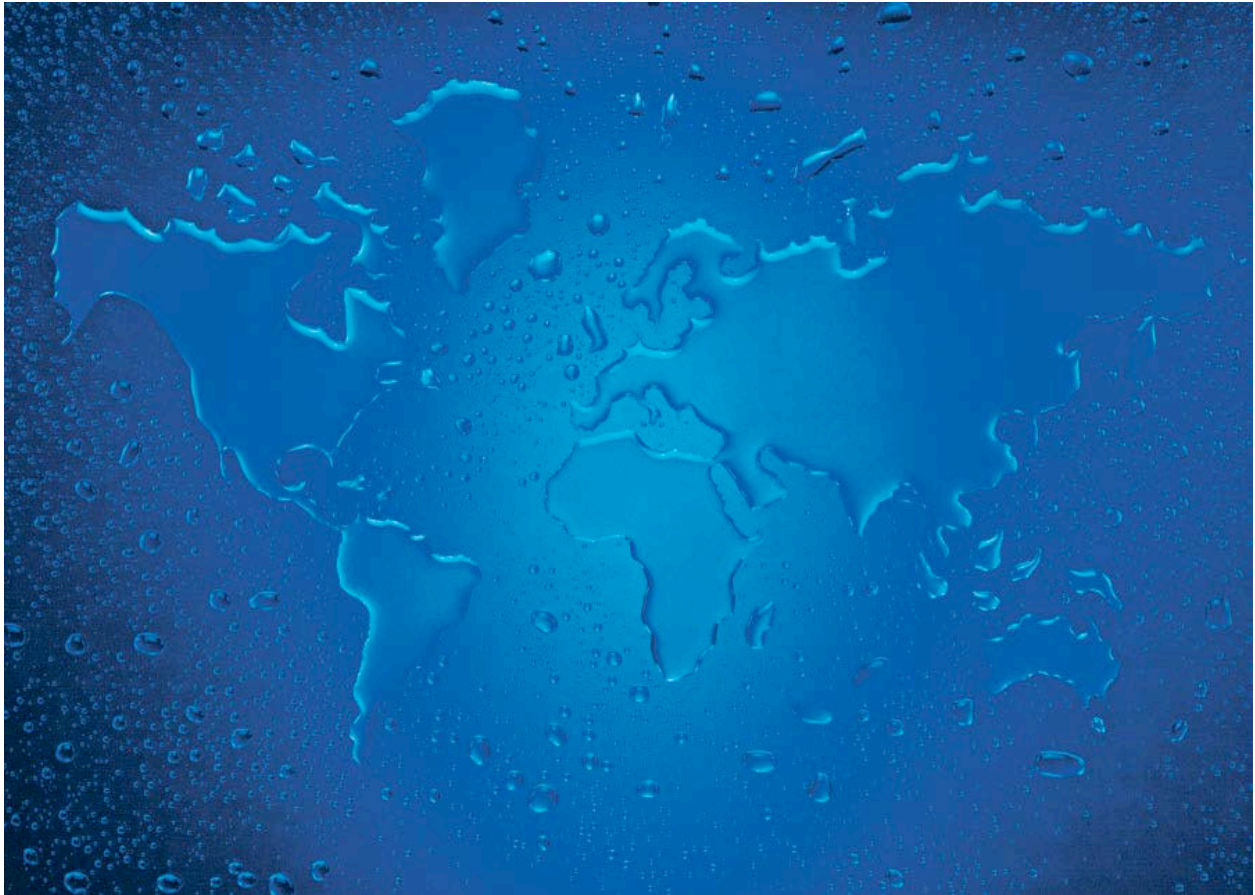


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DRAFT September 7, 2010

Falcon Waterfree Technologies 2011 Strategic and Tactical Plan



Falcon Waterfree Technologies, LLC
11835 W. Olympic Blvd., Suite 1020E • Los Angeles, CA 90064

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Executive Summary

This marketing plan is centered on demonstrating that:

- “going green” can be a part of an enlightened business strategy, and how reducing water use and water waste can have measurable environmental and human benefits. At the same time, businesses will save money and create significant economic opportunities while gaining a true competitive advantage.
- Falcon Waterfree offers the most advanced and superior urinal technology on the market, far beyond that of all urinal alternatives.

The nature of the global facilities market provides an enormous and persistent opportunity for Falcon Waterfree Technologies. While every existing water-flushing urinal provides an opportunity for a Falcon Waterfree urinal sale, water scarcity, high operating costs, government subsidies and growing environmental concerns drive this largely untapped market.

Competitors are lying low due to the current economic conditions but history shows that companies that continue or increase marketing efforts during times of economic uncertainty yield a greater return, resulting in larger market share and better sales growth compared to businesses that reduce marketing efforts. This is due largely to the fact that while buyers are not buying, they are still forming opinions and preferences based on what they read, see, and hear. When they eventually reach a point of considering a purchase, the entrenched and mature opinions weigh significantly on their decisions. Also, when myths and misconceptions are heard with greater frequency than correct information about waterfree urinal technology, sales cycles slow and may even stop. To address this, the marketing plan re-tools the way Falcon brand awareness is built in the marketplace, with a greater focus on relationship building and leveraging online social media.

This marketing plan definitively addresses the first rule of marketing, which is to capture attention in the marketplace. This is critical because if attention is not captured, all other efforts are mute. By maintaining a strong voice in the market, Falcon will continue to be the dominant brand of waterfree urinal, dominating the competitors, pint-flush urinals, and the misconceptions that would otherwise form in the absence of information that validates the superiority of Falcon Waterfree technology.

This marketing plan also addresses the second rule of marketing, which is to present compelling value propositions. For facility operators that wish to reduce their operating costs, Falcon Waterfree urinals answer the call with quick investment payback and continuous savings. To address this issue, this marketing plan includes the creation of sales tools that help sales people illustrate compelling propositions to close sales.

Attention to the environmental sustainability of facilities is growing due to the competitive and economic benefits of “green” buildings. Government stimulus programs require that the environmental aspects of buildings be improved in order to receive funding. These aspects are soundly addressed by Falcon Waterfree urinals.

Several areas of the world are experiencing continued construction growth despite the current economic environment AND are water stressed - a perfect combination for Falcon Waterfree. To maximize these and other international opportunities, the marketing plan has been expanded to achieve international business objectives, which include the launch of business-growing subsidy programs in all major market areas worldwide.

The tactical mix of this marketing plan is designed to enlist environmental ambassadors throughout the sales process as extensions of the Falcon sales team. By building unconventional and meaningful rewards into the marketing process, an unprecedented level of emotional commitment that relates to environmental stewardship by customers can be realized, resulting in a quantum leap in market adoption and Falcon Waterfree sales that will meet or beat the sales plan.

SITUATION

Market Definition¹

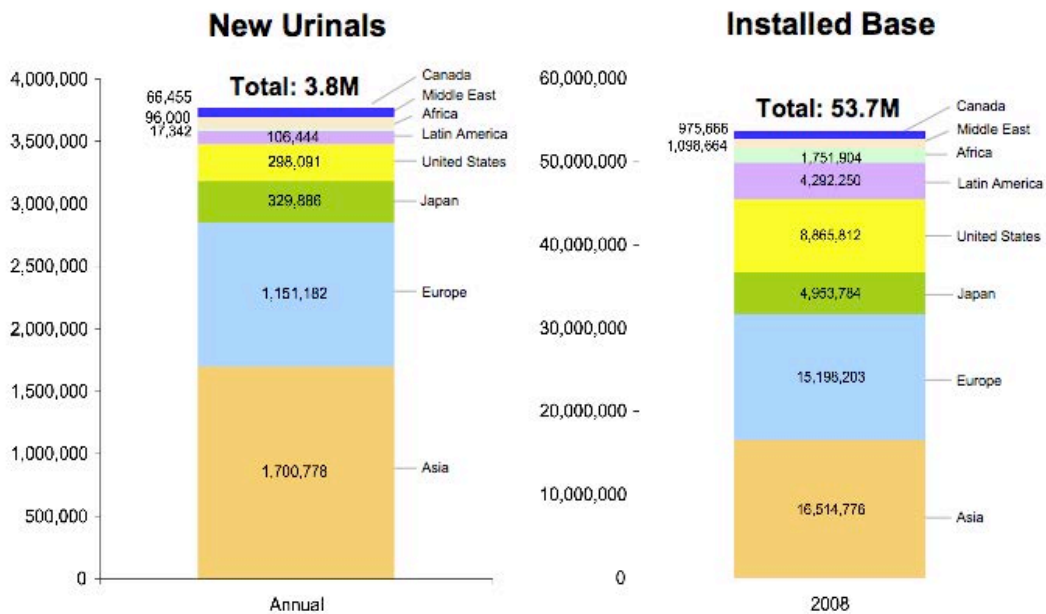
Worldwide Market Opportunity

The worldwide market opportunity for Falcon Waterfree consists of two major segments: The installed base of 53.7 million urinals and 3.8 new urinals installed each year. The installed base is a sales opportunity for urinal retrofits, either as part of facility renovation projects or simple urinal replacement. New urinal installation opportunities are the result of the construction of new facilities and facility additions.

Falcon Waterfree technology represents a significant opportunity for every business, institution, and government facility because it is the single most powerful water conservation device and delivers other important benefits:

- Saving up to 40,000 gallons or more of water per urinal, which helps free up water capacity for more important needs and reduces demands on water transport and treatment infrastructure.
- Eliminating costly flush valve maintenance, which is a direct budget benefit for facility operators.
- Providing cleaner restrooms, which is important for reducing communicable diseases.
- Reducing greenhouse gas emissions, which may be the most critical global goal to face the human race. While many methods of greenhouse gas remediation are complex and costly, waterfree urinals are low cost and simple.
- Falcon Waterfree urinals also satisfy facility manager's growing commitment to high-performance green buildings.

Worldwide Installed Base of Urinals

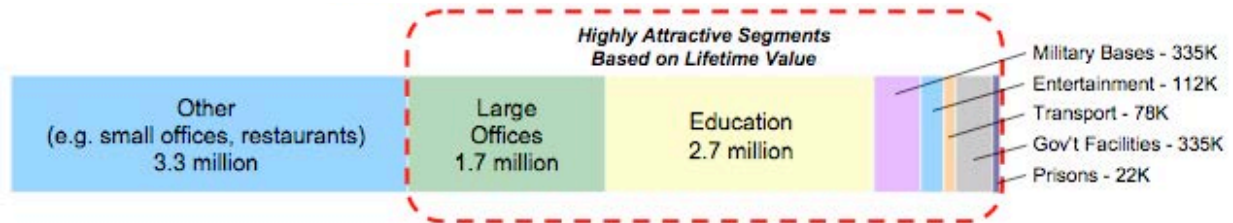


¹ Mercer Management Consulting, 2005. *Market Opportunity Assessment*.

High-visibility venues are a strategic focus for Falcon because increased public awareness of the brand and technology contributes to winning large projects and greater market share. Examples of these strategic venues include Hollywood Bowl, Beijing International Airport, Dolphin Stadium, Taj Mahal, Staples Center, Barcelona Stadium, Las Vegas Motor Speedway, Pennsylvania Turnpike, Nokia Theater, and countless other similar venues. The prominent branding that appears on Falcon Waterfree urinals makes a lasting impression in the minds of the millions of users, which supports sales in all markets.

United States Market Opportunity

- 8.6 million urinals currently installed in major segments out of the total installed base of 8.9 million urinals (Mercer)
- 5.2 million in highly attractive customer segments, with the largest facilities (Mercer)
- 298,091 new urinals are installed per year (Mercer)
- The United States is leader in green building practices and benchmarked by business throughout the world. United States Green Building Council (USGBC) is the pre-eminent authority on green building in the world, and other countries adopt USGBC practices and guidelines to improve building efficiency and environmental sustainability. To date, nearly 20,000 projects have been registered with USGBC², with the majority in the U.S. but international adoption growing rapidly. Falcon Waterfree urinals are a powerful technology that are listed in USGBC guidelines as a solution to achieving Leadership in Energy and Efficiency Design (LEED) certification and make progress in the global goal of environmental sustainability and greenhouse gas reduction.



Industry Macro Forces

Three key global water trends face the world today and the foreseeable future³

- Global warming will likely change rainfall and runoff patterns and seriously impact water supplies around the world.
- 1.2 billion people in the developing countries don't have access to clean drinking water and pressure from water waste, pollution, wetland destruction, and climate change is threatening to make this worse.
- The dangers of water privatization demand greater scrutiny from governments and the public.

Falcon Waterfree urinals are unsurpassed in water conservation, saving 100% of water, sewer, and energy while delivering superior hygiene and eliminating mechanical maintenance. They are the one

² United States Green Building Council, 2009. *Green Building Facts*.

³ Pacific Institute, 2008. *Water Fact Sheet Looks at Threats, Trends, Solutions*.

solution that, by improving water-use efficiency, is protecting the environment, providing for agriculture and industry, and ensuring that there is plenty of clean drinking water for people around the world.

More than 8 billion gallons of water and 72,000 tons of CO₂ emissions are saved each year with the Falcon Waterfree urinals currently installed. These savings are rapidly increasing as the installed base of Falcon Waterfree urinals continues to grow. These accomplishments are delivered at a reduced cost to facilities, compared to the higher cost of the historic and alternate conservation technology. Falcon Waterfree urinals simply, quickly, and effectively replace inefficient water flushing urinals to address the most important global water trends that face the world.

Demographic

The world's population is growing by about 80 million people a year and freshwater demand is increasing by about 64 billion cubic meters (16.9 trillion gallons) per year⁴. While demand for water is increasing, the supply of water is not. Using Falcon Waterfree urinals to eliminate needless water waste is a smart solution that frees up critical water capacity for communities and economies that would otherwise have a questionable future.

World populations have historically been attracted to areas with abundant fresh water supplies but economic development and changes in environmental conditions have caused water resources to fall short of demand in some areas. Engineered hydration of arid areas has enabled economic growth in parts of the world that could otherwise not be developed to the extent that they are currently: United Arab Emirates, several countries in Africa, India, Southern California, Texas, etc. The environmental and economic impacts of water redistribution and desalinization are creating a greater demand for conservation initiatives to minimize waste and free up costly and limited water capacity. Population growth and economic development are causing increased water stress that may inhibit future growth or threaten the basic viability of some cities.

In a report that was released at the 2009 World Water Forum in Istanbul, United Nations representatives warned that "some countries are already reaching the limits of their water resources", resulting in an intensification of competition for water resources that threatens to stoke conflicts and make water supplies an "increasingly politicized issue." The report concluded that these risks mean there is a strong economic case for investing in water infrastructure, calculating that each dollar invested in improving access to water and sanitation will deliver a boost to GDP of between \$3 and \$34⁵.

World population data shows that the largest areas of opportunity for Falcon Waterfree, based on gross population are in China, India, and the United States.

Economic

The following economic points identify sales opportunities for Falcon that can be easily quantified with fast investment payback and continued savings for customers.

- The cost of bringing water from other areas or desalinization is 7 to 13 times greater compared to local ground and surface water sources⁶. Conserving water with Falcon Waterfree urinals is much less expensive for customers and the governments that subsidize the costs.
- Over the past five years, municipal water rates have increased by an average of 27 to 58 percent in the largest developed countries⁷.

⁴ Hinrichsen, Robey, and Upadhyay, 1997.

⁵ United Nations, 2009. *UN World Water Development Report*.

⁶ Pacific Institute, 2005.

⁷ Earth Policy Institute, 2007. *Water Prices Rising Worldwide*.

- Increased cost of water and scarcity valuation improves the return on investment for Falcon Waterfree urinals.
- Government subsidies reduce the cost of water for end-customers, but place an economic burden on the governments. Conservation with waterfree urinals can be a more cost effective method of managing limited water supplies, which means the governments that subsidize water rates are good customer prospects for Falcon.
- Economics of Falcon Waterfree urinals based on the cost of water and sewer services in the U.S. are detailed in Table 1.
- Construction spending is a strong indicator that is combined with demographics in order to map high opportunity areas for Falcon.
 - Despite a decrease in construction spending, the United States remains the greatest spending country, followed by Japan and China.
 - Construction spending in China is expected to exceed similar spending in Japan during 2010.
 - The longer-term outlook, through 2011, of construction spending growth shows that China and India will outpace the Rest of the World (ROW) by 4 times, with 10.5-11.0% spending growth compared to 2.5% ROW.

Table 1 - Water & Sewer Rate Survey Summary⁸

ST	Utility Name	Water	Sewer	Combined	Average water + sewer cost saved per waterfree urinal, per year*
		Industrial per 1,000 gallons (4-inch meter 1,000,000 CF)	Industrial per 1,000 gallons (4-inch meter 1,000,000 CF)	Industrial per 1,000 gallons (4-inch meter 1,000,000 CF)	
GA	Atlanta Water Department	\$3.77	\$9.58	\$13.35	\$534.17
OR	Seattle Public Utilities	\$2.68	\$9.04	\$11.72	\$468.80
AK	Golden Heart Utilities	\$3.34	\$7.82	\$11.16	\$446.60
MN	Duluth, City of - Public Works & Utilities	\$1.50	\$9.27	\$10.76	\$430.50
MA	Boston Water and Sewer Commission	\$4.25	\$6.12	\$10.37	\$414.92
CA	San Francisco Public Utilities Commission	\$2.30	\$7.92	\$10.22	\$408.81

Continued - Table 1 - Water & Sewer Rate Survey Summary

ST	Utility Name	Water	Sewer	Combined	Average water + sewer cost saved per waterfree urinal, per year*
		Industrial per 1,000 gallons (4-inch meter 1,000,000 CF)	Industrial per 1,000 gallons (4-inch meter 1,000,000 CF)	Industrial per 1,000 gallons (4-inch meter 1,000,000 CF)	
MD	Washington Suburban Sanitary Commission	\$3.90	\$5.86	\$9.77	\$390.66
GA	Douglasville-Douglas County Water and Sewer Authority	\$4.64	\$4.68	\$9.32	\$372.78
TN	White House Utility District, TN	\$4.75	\$4.24	\$8.99	\$359.73
FL	Orange County Utilities	\$5.51	\$3.21	\$8.72	\$348.65
OR	Portland Water District	\$0.90	\$7.79	\$8.70	\$347.82
PA	Carlisle Borough Municipal Authority	\$4.28	\$4.40	\$8.68	\$347.06
CO	Boulder, City of	\$5.23	\$3.30	\$8.54	\$341.40
FL	Miami-Dade Water and Sewer Department	\$3.68	\$4.52	\$8.20	\$328.05
NC	Cary Utility Department	\$3.76	\$4.42	\$8.19	\$327.44

⁸ Water and Sewer Rate Survey, American Water Works Association, 2006.

NC	Salisbury-Rowan Utilities	\$3.56	\$4.59	\$8.15	\$326.10
TX	Austin Water Utility	\$2.82	\$5.04	\$7.87	\$314.61
OR	City of Portland Bureau of Environmental Services		\$7.26	\$7.26	\$290.48
SC	Mount Pleasant Waterworks	\$3.01	\$4.15	\$7.16	\$286.48
GA	Augusta County Service Authority	\$2.83	\$4.29	\$7.12	\$284.71
PA	Clearfield Municipal Authority	\$5.66	\$1.33	\$7.00	\$279.86
TX	El Paso Water Utilities	\$5.44	\$1.55	\$6.99	\$279.77
SC	Commissioners of Public Works-Charleston, SC	\$1.23	\$5.76	\$6.99	\$279.65
OH	Akron Public, City of - Utilities Bureau	\$1.96	\$4.97	\$6.93	\$277.39
WA	City of Bellevue	\$2.99	\$3.58	\$6.57	\$262.86
ID	City of Meridian	\$3.24	\$3.25	\$6.49	\$259.68
FL	Cocoa Utilities Department, City of	\$3.34	\$3.06	\$6.40	\$256.02
TX	Denton Municipal Utilities	\$2.89	\$3.49	\$6.38	\$255.15
SC	Spartanburg Wtr Sys/Spartanburg Sanitary Sewer District	\$1.69	\$4.67	\$6.36	\$254.23
GA	Cobb County Water System	\$2.11	\$4.23	\$6.34	\$253.64
DC	District of Columbia Water & Sewer Authority	\$2.46	\$3.70	\$6.16	\$246.22
SC	Greensboro, City of	\$2.74	\$3.41	\$6.15	\$245.99
WA	Everett Public Works Department	\$1.05	\$5.07	\$6.12	\$245.00
KY	Winchester Municipal Utilities	\$1.72	\$4.30	\$6.03	\$241.03
NC	Orange Water and Sewer Authority	\$2.77	\$3.25	\$6.02	\$240.80
OR	Corvallis Public Works Department	\$1.96	\$3.98	\$5.95	\$237.86
NC	High Point, City of	\$1.89	\$4.02	\$5.91	\$236.37
TX	College Station Utilities	\$2.13	\$3.75	\$5.88	\$235.11
AL	Mobile Area Water & Sewer System	\$1.60	\$4.26	\$5.86	\$234.31
MT	Kalispell, City of	\$2.01	\$3.80	\$5.81	\$232.51
TN	Metro Water Services	\$2.16	\$3.59	\$5.75	\$229.86
OK	Oklahoma City, City of	\$1.92	\$3.77	\$5.69	\$227.57
WV	Charlotte-Mecklenburg Utilities	\$1.99	\$3.69	\$5.68	\$227.29
NC	Durham, City of	\$1.85	\$3.82	\$5.67	\$226.85
NH	City of Concord	\$2.05	\$3.60	\$5.65	\$226.03
SC	Georgetown County Water & Sewer District	\$2.32	\$3.13	\$5.45	\$217.90
FL	Tohopekaliga Water Authority	\$1.24	\$4.13	\$5.37	\$214.89
TX	Irving Water Utilities, City of	\$2.77	\$2.25	\$5.02	\$200.77
NC	Greenville Utilities Commission	\$1.78	\$3.24	\$5.02	\$200.66
CA	Metropolitan Water District	\$5.01	-	\$5.01	\$200.55

Green Global Construction Market Overview

The global trends and forecasts for facility construction are a clear map of opportunities for Falcon but tell only part of the story. The opportunity for Falcon is increasing at a greater rate than that of general construction because of the growing demand for green features in buildings. Falcon Waterfree urinals satisfy green building standards because they reduce startup cost, total operating cost, and deliver 100% water efficiency while addressing critical goals for environmental sustainability. Green standards typically add to total construction cost and impose lengthy returns on investment. Falcon Waterfree urinals, on the other hand, cost less for installation in new construction while providing immediate financial payback and environmental results.

Significant trends in green building construction include:

- The overall green building market (both non-residential and residential) is likely to more than double from today's \$36-49 billion to \$96-140 billion by 2013⁹

⁹ McGraw Hill Construction (2009). *Green Outlook 2009: Trends Driving Change*.

- 82% of corporate America is expected have 'greened' at least 16% of their real estate portfolios; of these corporations, 18% are greening more than 60% of their real estate portfolios¹⁰
- The green building products market is projected to be worth \$30-\$40 billion annually by 2010¹¹
- Buildings use 13.6% of all potable water.¹² Improvements in water efficiency reduce costs for building operators and frees up water capacity for more important needs.

The United States remains the largest national market for construction spending. China is in third spot, but may overtake Japan later this year. This spending closely corresponds to GDP Purchasing Power.

Regardless of new construction spending levels, existing buildings are a persistent and consistent opportunity for Falcon Waterfree because upgrades that reduce operating costs also improve long-term real estate investment returns. An increasing volume of urinal retrofits is also good for Falcon because the sales cycle time is shorter than that for new construction, typically months instead of years.

Green building has become a global phenomenon, driving innovation in the products that are used and the buildings in which we live and work. What started with a handful of government buildings utilizing first-generation sustainable building products is now a worldwide movement, with commercial construction and residential building moving to the fore in sustainability. Voluntary standards and government mandates are driving growth in green building, as awareness of environmental issues has increased in developed and developing countries. To date, nearly 20,000 projects have been registered with USGBC¹³, with the majority in the U.S. but international adoption growing rapidly. Waterfree urinals are a powerful technology that are listed in USGBC guidelines as a solution to help facilities reach Leadership in Energy and Efficiency Design (LEED) certification and help improve the global goal of environmental sustainability and greenhouse gas reduction.

Natural

- Less than 1 percent of the Earth's water is available for human use¹⁴.
- In 1995, 31 countries and 460 million people lived in water-scarce and water-stressed areas. By 2050, this is projected to reach 54 countries and 4 billion people¹⁵.
- Shortage of water resources creates a dependency on water imports, which is costly and constraining to local economies. Conservation presents an attractive alternative to reduce dependency on water import and desalinization.
- Increasing concern for greenhouse gas emissions is resulting in various remediation programs, including energy conservation. Because the transport and treatment of water is an energy intensive process, water conservation is an effective method of reducing greenhouse gas emissions.
- Water is sometimes managed as if it were worthless instead of the life-sustaining, valuable, and increasingly scarce resource that it is. A key step in moving toward more rational water management is to place a price on water that reflects its value and scarcity. In areas where the cost of water at the tap is subsidized, there is little financial motivation for businesses to

¹⁰ Source: McGraw Hill Construction (2007). *Greening of Corporate America SmartMarket Report*.

¹¹ Source: Green Building Alliance (2006). *Green Building Products: Positioning Southwestern Pennsylvania as the U.S. Manufacturing Center*.

¹² U.S. Geological Survey (2000). 2000 data.

¹³ United States Green Building Council, 2009. *Green Building Facts*.

¹⁴ U.S. Geological Survey, downloaded from Internet August 3, 2009, from <http://ga.water.usgs.gov/edu/earthwherewater.html>

¹⁵ University of Michigan. *Water Scarcity: Tomorrow's Problem*. Downloaded 8/13/09 from http://sitemaker.umich.edu/section9group6/data_and_figures

conserve, but governments on the other hand are highly motivated because they are bearing the cost of subsidies. The high-dollar value rebates that governments offer to businesses for the installation of Falcon Waterfree urinals is clear evidence of the value that Falcon provides to governments to offset the cost of their water rate subsidies.

- Increasing concerns over greenhouse gas levels in the atmosphere are manifesting themselves in new government guidelines and regulations that are designed to reduce CO₂ emissions. The subject of CO₂ emissions and their effect on global climate was once discussed by politicians and business leaders with a high degree of skepticism, but that has changed over recent years as the effects of increasing greenhouse gases becomes more evident. The Intergovernmental Panel on Climate Change (IPCC) and Falcon board member Al Gore received a Nobel Prize in 2007 for their efforts to build up and disseminate greater knowledge about man-made climate change, and to lay the foundations for the measures that are needed to counteract such change. Water conservation with Falcon Waterfree urinals is directly linked to reductions of CO₂ emissions because the transport and treatment of water is an energy intensive process.

Technological

Numerous technologies promise expanded water availability, but the total life cycle is not always apparent. Falcon Waterfree urinals, on the other hand, are a high-tech solution that is based on a simple concept, and deliver simple and significant results.

- **Falcon Waterfree urinals** provide the most efficient conservation technology because they:
 - Require absolutely no water, saving up to 40,000 gallons or more of fresh water per urinal, per year.
 - Replace existing water-flushing urinals, connecting to existing drain lines with easy and fast installation. In new construction, no water supply piping is needed, which reduces construction costs.
 - Cost the same or less than water-flushing urinals.
 - Provide more hygienic restrooms, with five-times fewer bacteria than water-flushing urinals¹⁶. Waterfree urinals also do not produce flush plumes, which spread bacteria-laden moisture throughout restrooms¹⁷.
 - Require no behavioral change by users, except that they no longer need to touch flush handles.
- Large scale water supply technologies, such as desalinization and redistribution can increase water supplies but are energy intensive, introduce detrimental byproducts (greenhouse gases and concentrated salt slurry), and require costly infrastructure. In contrast, conservation with Falcon Waterfree urinals is less costly and is effective reducing significant amounts of water demand.
- Conservation technologies such as high-efficiency water flushing urinals, gray-water, and composting systems are also effective at reducing water demand, but cannot match the total efficiency and easy of implementation of Falcon Waterfree urinals.

¹⁶ UCLA, 2003. *Waterfree Urinal Research Study*.

¹⁷ St. Louis County (MN) Health Department, 2006. *Urinal Comparison Test*.

Political / Legal

The water conservation aspects of government initiatives reduce the operating costs for governments and set a leading example for constituents.

- U.S. Federal initiatives are driving demand for Falcon urinals due to requirements for “shovel-ready jobs” and high performance green building standards, both of which are soundly met by Falcon.
 - American Recovery and Reinvestment Act (ARRA) of 2009, placed an emphasis on “shovel ready” projects that improve operational and resource efficiency. Both requirements are met with the installation of Falcon Waterfree urinals. ARRA funded facility construction and upgrade projects began to materialize in 2010.
 - Presidential Executive Order 13514 mandates 26% reduction of water use in federal facilities. This requirement can be achieved entirely with the installation of Falcon Waterfree urinals.
 - Energy Policy Act of 1992 requires 1 gallon per flush or less for urinals.
 - Water 2025 Program provides 50% funding for qualified water efficiency/conservation project such as Falcon Waterfree urinals.
 - U.S. Army requires that waterfree urinals be installed in all new construction and renovations, starting in 2010.
 - Other federal agencies require operational and resource efficiency that is achieved with Falcon Waterfree urinals.
- U.S. State and Local Mandates – Several areas have adopted legislation and policies that require waterfree urinals.
- Several U.S. local rebate/incentive programs are available for commercial customers for retrofit with Falcon Waterfree urinals.
- The 21st Century Green High-Performing Public School Facilities Act (H.R. 2187), passed by the House on May 14, 2009, and if passed by the Senate will provide schools with access to \$6.4 billion funding for modernization, renovation and repair projects.
 - If the funding creates upgrade projects at 25% of U.S. K-12 schools, an estimated 250,000 urinals could be replaced for 1.5% of the total Act budget. Calculations with the Falcon Waterfree Urinals Life Cycle Cost calculator shows that approximately 7.5 billion gallons of water and sewage would be saved each year and 67,500 tons of CO2 eliminated. The urinals would generate the sale of 625,000 cartridges per year, based on 2.5 cartridges per urinal, per year.
 - Requires the majority of funds (100 percent by 2015) to be used for projects that meet green building standards.
 - Allows states to reserve one percent of funds to administer the program and to develop a plan and a statewide database of school facilities, including their modernization and repair needs, energy use, carbon footprints, and an energy efficiency quality plan.
 - Requires school districts to publicly report the educational, energy and environmental benefits of projects, how they comply with the green building requirements, and the percentage of funds used for projects at low-income, rural and charter schools.
 - Requires the Secretary of Education, in consultation with the Secretary of Energy and the Administrator of the Environmental Protection Agency, to disseminate best practices in school construction and to provide technical assistance to states and school districts regarding best practices.
 - Estimated Potential Opportunity for Waterfree Urinals = 250,000 urinals

- There is an average of one urinal for every 25 male students, based on architectural standards.
- 50 million K-12 students in the U.S., and 50% are male.
- If funding from this act addresses 25% of the school facilities, this means that 250,000 urinals are in the facilities that will receive funding.
- A district-level table of estimated funding is available here:
<http://edlabor.house.gov/documents/111/pdf/publications/HR2187estLEAgrants-fy09%20only-20090513.pdf>

Key Drivers

Marketing

Falcon Waterfree urinals are marketed in two primary ways:

- Wherever *Falcon Waterfree-brand* products are sold, the marketing is a budgeted process that is 100% controlled by Falcon Waterfree.
 - National marketing – The objective of all national marketing activities is to reach and influence decision makers in the most important national organizations (Building Owners and Managers Association International, International Facilities Managers Association, etc.) through association membership, tradeshow, advertising, online, and direct marketing. These marketing efforts are funded by Falcon.
 - Regional/localized marketing - Localized activities are managed by Falcon regional managers, manufacturer representatives, and authorized distributors. Localized marketing is usually funded by representatives and distributors, and support by Falcon with planning and administrative services.

Falcon global marketing is based on up to four value propositions, depending on the target audience:

- Conserving water
- Saving money
- Providing more hygienic restrooms
- Reducing greenhouse gas emissions
- *Branding partners* such as Sloan, INAX, Ideal Standard, Noken and Vitra include Falcon-based products in their own marketing programs, which include tradeshow, advertising, direct mail, online, and direct support of their sales teams. In these marketing efforts, there is no direct cost to Falcon Waterfree, as the marketing is fully incorporated into the plans and budgets of the branding partner. Falcon provides support and advises the branding partners on messaging and execution of their marketing of Falcon-based products.

Economic conditions have changed the marketing “playing field,” but the agility of the Falcon marketing plan allows for quick adjustment of strategies and tactics to make compelling value propositions.

- Capital funding for facility construction and renovation projects has tightened. To respond, Falcon is highlighting life cycle cost benefits of retrofits.
- Key decision makers are traveling less to conferences. To respond, Falcon has implemented direct and online programs to reach decision makers at their offices.

- Momentum of new facilities construction slowed. To respond, Falcon is turning up the volume on the benefits and payback for retrofits in existing facilities.
- Some decision makers are simply not making decisions, waiting for signs of economy recovery. To respond, Falcon has implemented “drip” marketing tactics that keep Falcon in the minds of prospective customers. When they ultimately decide to take action, Falcon will be their choice.
- Federal stimulus programs have been created to create “shovel ready” jobs. To respond, Falcon is staying abreast of the process and opportunities as they develop, then quickly creating and executing marketing activities that focus on specific opportunities. By aggressively staying ahead of the learning curve for new programs and helping customers take advantage of funding opportunities, Falcon is providing an invaluable and expert service.

Government Affairs (code, regulation, standards)

Falcon Waterfree has led the effort for the past ten years in the development and adoption of codes, regulations, and standards for waterfree urinals. As a result, all major model codes include explicit language that prescribes the use of waterfree urinals.

Strategic Partnerships

Falcon Waterfree advises and supports strategic business partners around the world. With these partnerships, Falcon Waterfree accelerates product entry into new geographic markets. The partnerships provide advantages in:

- Quick market acceptance, due to the pre-existing credibility of branding partners.
- Operations and tariff simplification, due to partners’ local expertise.
- Regional sales, enlisting sales teams of partners.
- Operations sourcing options that can benefit other market areas of the company through improved pricing and/or logistics.

Innovation Initiatives

Falcon Waterfree is the leader in waterfree urinal technology and aggressively protects the innovations with patents wherever possible. Falcon’s innovation is an important part of marketing messaging because the innovations are exclusive and provide unsurpassed value for customers and ensure all Falcon value propositions. Some of the key innovations of Falcon Waterfree include:

- Dry Cartridge – 2010 introduction in portions of Europe and India where ‘flapper valve’ technology has dominated the market. The Falcon Dry Cartridge offers performance enhancements above and beyond alternative urinals with valves or ‘flappers.’
- Sealed cartridge – Provides highly engineered performance and ease of maintenance.
- Bayonet locking mechanism – Provides a tamper resistant and airtight seal for the cartridge installation.
- Biodegradable liquid sealant – A component of the odor-free operation of the system. In the event that sealant is flushed into water streams or exposed to human contact, there is no hazard.
- Bowl design – Falcon Waterfree urinals feature unique geometry that eliminates splashback.
- Pipe-in-Pipe technology – Corrects in-wall slope problems, eliminating the need for wall demolition and piping repair.
- Uni-bracket – One-piece bracket allows faster and more accurate installation of waterfree urinals.

Subsidies and Rebates

Municipal subsidies and rebates accelerate Falcon customer payback cycles, and the types of rebates offered for Falcon Waterfree urinals demonstrate their effectiveness in water management programs. To maximize the existing subsidy programs, Falcon organizes sales and administrative support around the requirements of the programs. For example, Southern California rebate programs cover significant portions of the cost of purchase and installation of waterfree urinals, but the rebate application process is unfamiliar and sometimes daunting to customers. Each Falcon sales person has a thorough understanding of the process and can “walk” customers through the entire rebate process. A full-time rebate administrator and the VP, Government Affairs support the Falcon sales people. As a result of this approach, 85% of all California Metropolitan Water District rebates for waterfree urinals have been awarded to Falcon Waterfree (75% Falcon and 10% Sloan), as reported in the Metropolitan Water District 2007/2008 Annual Report. Waterfree urinals accounted for 9% of MWD rebated fixtures and resulted in 22% of the total program water savings¹⁸. The success that has been achieved in Southern California provides an effective and efficient blueprint for other areas with rebates.

The dollar amount of conservation rebates for plumbing fixtures is typically based upon the cost of the water saved, and is the most cost effective solution to meet water demands, which is why waterfree urinals typically have the highest rebate dollar amount. In 2009, the Southern Nevada Water Authority nearly tripled the size of subsidies to \$8 per thousand gallons of water saved, in the form of rebates for equipment upgrades and retrofits, which include Falcon Waterfree urinals. The increases in rebates and significant water savings resulting from Falcon Waterfree urinals is a clear indication of their powerful potential to effectively remediate critical water scarcity.

SWOT Analysis

Strengths

- The Falcon Waterfree urinal has the largest installed customer base of all waterfree urinals.
- Fast product availability (time to fulfill orders).
- Return on Investment for a Falcon customer is easy to demonstrate.
- Falcon Waterfree urinals are hygienically superior to water-flushing urinals, as validated by independent scientific reports.
- Independent validation of Falcon Waterfree product performance (no other waterfree urinal brands offer this).
- Patents protect several unique benefits that Falcon urinals deliver to customers, preventing duplication by competitors.
- Marketing tactics can be scaled and deployed anywhere in the world.
- Core value propositions (save water, reduce costs, provide cleaner restrooms, and reduce greenhouse gas emissions) in marketing are universal and compelling in all markets around the world.
- The increasing global awareness of water scarcity leads to more rapid acceptance of waterfree urinal technology.

¹⁸ Metropolitan Water District 2007/2008 Annual Report.

Weaknesses

- Total water and cost savings is sometimes a very small portion of the customer's operating budgets. This can lead to a risk/reward value (total reward as it relates to risk) that is not perceived as significant by potential customers, leading to a weak commitment on their part.
- People with incorrect information or without experience can influence decision makers. The peripheral influencers are numerous and widespread.
- Sales cycles can be long (ranging from months to years).

Opportunities

- 99 percent of the market has not yet converted to waterfree urinals.
- Water conservation rebate programs subsidize part or all of the cost to purchase and install waterfree urinals.
- In areas where high government subsidies keep water costs low, the governments carry the cost of the subsidies and are excellent prospects for Falcon Waterfree.
- Water, sewer, labor and energy costs continue to rise around the world, resulting in greater ROI with Falcon Waterfree.
- Water conservation with waterfree urinals corresponds with energy savings and reduced greenhouse gas emissions. As energy and climate issues garner more attention, waterfree urinals become a more obvious, easy, and effective way to reduce greenhouse gas emissions.
- Energy efficiency projects can include water conservation measures because the treatment and transportation of water is extremely energy intensive.
- During economic downturns or uncertainty, decision makers are more alert to opportunities to reduce operating costs.

Threats

- Competitive knock-off cartridges present a direct threat to Falcon cartridge revenue, although Falcon Waterfree patents prohibit this from happening.
- During economic downturns or uncertainty, decision makers are cautious of all discretionary expenses and may delay taking action on conservation projects.
- Competitive products that do not perform as promised can tarnish the concept of waterfree urinals. News of a bad experience with an inferior product can reach far via peer networks and the media.

Competitive Analysis

While there are a handful of companies involved in waterfree urinal technology, Falcon Waterfree has a strong product that is unparalleled by its competitors and offers its customers a waterless urinal that is effective, durable, and easy to maintain. Falcon aggressively pursues patent protection for numerous aspects of its products in order to maintain a dominant competitive position and ensure product performance value for customers.

A detailed competitive analysis is in the *Industry and Company Overview*.

Company Overview

About Falcon Waterfree Technologies

Falcon Waterfree Technologies was formed in the year 2000 with a vision: to promote conservation of the Earth's precious supply of fresh water and support sustainable resource management by becoming the leading urinal system provider in the world. Since then, acceptance and interest in waterfree urinal systems has grown as the world's leadership has adopted a greater sense of urgency about finding solutions for a future where fresh water may be less available and certainly more costly.

Falcon Waterfree conducts business on every continent, manufacturing in nine countries, and offices and affiliates around the world.

Products/Services

The Falcon Waterfree urinal includes a vitreous china fixture and a patented replaceable cartridge that is installed at the bottom of the urinal into a fitting that is connected to a drainpipe. Installation is simple and typically takes less time than for a flush urinal with valve assembly.

The cartridge is shaped to act as a funnel. The combination of non-stick, non-porous materials of construction and the funnel-shape of the cartridge ensure all urine passes into the cartridge and through a unique sealant liquid that floats on top of the liquid beneath it. This pleasant smelling sealant liquid provides an airtight barrier between urine and the restroom to prevent odors from escaping the drain, but allows urine to pass through because it is lighter than water and urine. Urine immediately penetrates the sealant liquid and flows to the drain. Uric sediment is collected by the cartridge, leaving an odor-free environment, clean pipes, and absolutely no water waste.

The cartridge also features a sealing ring to provide an airtight barrier between the cartridge and the housing. The only maintenance required is routine cleaning of the fixture and an easy change of the cartridge, performed approximately every 7,000 uses or typically three to four times per year.

The installation hardware that is provided with each new Falcon Waterfree urinal is designed for use in new construction and retrofit situations. The patented pipe-in-pipe technology of the Falcon coupling corrects common in-wall drainpipe problems and is a distinct competitive advantage for Falcon.



Leadership Teams

Falcon Waterfree is led by experts with impressive accomplishments in business development, product development, government affairs, science, and marketing. Biographies of Falcon's executive, science and board leadership are contained in the Falcon web site.

Historic Milestones

The following historic milestones have been achieved as a result of Falcon sales and marketing efforts.

2010

- US Army requires that all new construction of facilities and renovations utilize waterfree urinals.

2000-Present

- Falcon Waterfree has advised, and continues to advise, numerous municipal authorities around the world on the successful revision of plumbing codes and regulations that pertain to the installation and use of waterfree urinals.

2009

- President's "E" Award for Export Growth.
- Waterfree urinals included in Uniform Plumbing Code.
- City of Los Angeles requires use of water-efficient fixtures in all new construction and renovations.
- Green Building Industry Environmental Leadership Award (Global Green USA).
- Energy Conservation Grand Prize (Agency for Natural Resources and Energy of MITI and The Energy Conservation Center, Japan).
- The Artemis Project "Top 50 Water Company."
- Bank of America headquarters in New York City opens and features Falcon Waterfree urinals throughout the 54-story, 1,200 foot-tall building.

2008

- Gold Medals and Green Restrooms at Beijing Olympics – Falcon Waterfree urinals installed in public restrooms at major Olympic venues.
- Building Operating Management Magazine Readers' Choice Award.
- Sustainable Facility Magazine Top Product Award.
- North Carolina Department of Transportation "Most Outstanding" Award for renovation project with Falcon Waterfree urinals.
- Japanese railway company introduces waterfree urinals in high-traffic rail stations, as first major installation in Japan of waterfree urinals.

2007

- Al Gore Recognized by Nobel Foundation with the 2007 Nobel Peace Prize.
- Former U.S. House Leader Richard Gephardt named to Falcon Board of Advisors.
- Waterfree urinals included in International Plumbing Code.
- Design Journal Platinum Award for Design Excellence (ADEX).
- organicARCHITECT "Organic Award."
- Today's Facility Manager Expo Best of Show.

2006

- Capricorn Management Makes "Green" Investment in Falcon Waterfree Technologies.
- Design Journal Platinum Award for Design Excellence (ADEX).
- American School & University Top Product Award.
- USGBC LEED certification for Core and Shell (CS) introduced, including guidelines for water use reduction and innovative wastewater technologies, both of which list waterfree urinals as tactics for earning LEED points.

2005

- Waterfree urinals included in National Standard Plumbing Code.
- Retired Army Lieutenant General Rosenblum and Ron Gastelum named to Falcon Board of Advisors.

2004

- Spirit Award for restroom renovation project at the Social Security Administration regional facility in Chicago, IL, featuring Falcon Waterfree urinals.
- InnovationWORLD IW21 Award.
- Today's Facility Manager Magazine Readers' Choice Award.
- USGBC LEED certification for New Construction for Existing Buildings (EB) and Commercial Interiors (CI) introduced, including guidelines for water use reduction and innovative wastewater technologies, both of which list waterfree urinals as tactics for earning LEED points.

2003

- Al Gore named to Falcon Board of Advisors.
- Strategic alliance announced between Falcon Waterfree and Sloan Valve Company.
- Pro Player Stadium (AKA Dolphin Stadium, Marlin Stadium, Land Shark Stadium) installs Falcon Waterfree urinals prior to hosting World Series and Super Bowl events.
- Today's Facility Manager Expo Best of Show.

2002

- Rose Bowl Stadium installs Falcon Waterfree urinals.

2000

- First key patent awarded to Ditmar Gorges for a "horizontal-flow oil-sealant-preserving drain odor trap" for drain applications such as a waterless urinal or anti-evaporation floor drain. Several other patents related Falcon Waterfree core technologies have been awarded or are pending.
- Falcon Waterfree Technologies, LLC founded, with Mapleton Investments as the primary shareholder.

1999

- USGBC LEED certification for New Construction (NC) introduced, including guidelines for water use reduction and innovative wastewater technologies, both of which list waterfree urinals as tactics for earning LEED points.

Today's Economy and Environmental Focus

Falcon is in a unique position today because of the superior aspects of the Falcon Waterfree urinal, the increasing opportunities for “green” solutions in facilities, and the current global economy. The later point was not foreseen in the early stages of the company, but is a formidable situation that must be addressed in nearly every aspect of the way we do business. We are changing the way we approach the market because:

- **Uncertainties in the global economy** cause facility managers to proceed more cautiously when making cost related decisions. By showcasing our existing customers and emphasizing our financial value proposition, customers should more readily understand how choosing Falcon will help their business today.
- **Our competitors are laying low.** Advertising, tradeshow, direct mail, and direct marketing are drying up for lack of sponsors. For tradeshow, this is largely due to the fact that companies are allowing fewer employees to attend conferences where travel and registration costs are involved. This presents an opportunity to strengthen our brand and increase market share due to the lack of competitors and decreasing cost of some national marketing tactics, and increase regional activity where attendance is strengthening.
- **Facility operators have never been more diligent in their search to reduce operating costs** largely due to the economy, ever-increasing costs for water and sewer services, and reduced staffing for maintenance.

Opportunity For Falcon

Falcon Waterfree has the opportunity to strengthen its brand, its hand, and its business during the economic downturn, given the inevitability of the Green Economy.

Falcon Waterfree has the opportunity to become synonymous with the new category of high efficiency plumbing products -- by helping customers save money now and actively promoting its offering as ahead-of-the-curve technology that pays back in ways that its traditional 20th century water-flushing competitors simply cannot.

Today's marketplace presents an ideal set of conditions for Falcon to seize near-term and long-term advantage due to the economic, environmental, political, and innovation climates.

These conditions offer a perfect storm where Falcon can expand market share, enhance brand reputation and drive leadership.

Opportunity for Our Customers

Recent study reveals that during the current economic slow down, companies that show a true commitment to sustainability outperform industry peers in the financial markets.

A.T. Kearney analysis shows that in 16 of 18 industries examined, companies recognized as sustainability-focused outperformed peers over a 3-6 month period, and were well protected from value erosion.

“Companies with a long-term view are likely to attract the ‘right’ kind of investors...companies with a history in green innovations have reaped the most benefits. Those that continue to make meaningful investments will continue to prosper, in terms of business results and public perception.”

– A.T. Kearney, January 2009

Evidence of this can be found in the increasing numbers of companies that provide Corporate Social Responsibility reports, which provide a roadmap for Falcon sales and marketing strategies:

- <http://www.corporateregister.com/>
- <http://www.csrwire.com/>

Opportunity for Falcon

- Recent McKinsey study shows that activists who challenge the status quo play a critical role in promoting radical business innovation. Falcon's role in driving radical business innovation positions the company as the market leader.
- *"Stimulating collective endeavors that initiate social change and topple existing conventions can be critical to reshaping markets."* -- McKinsey Quarterly, January 2009
- *"This is not the time to cut advertising. It is well documented that brands that increase advertising during a recession, when competitors are cutting back, can improve market share and return on investment at lower cost than during good economic times."* -- John A. Quelch, Harvard Business School
- *"We have a philosophy and a strategy. When times are tough, you build share."* – A.G. Lafley, CEO, Procter & Gamble

Recession Marketing Analysis

Maintaining and building brand awareness and brand preference during recessionary times is essential and can even create a competitive advantage. This marketing plan is designed to increase the compelling marketing activity, so the following information should be associated with effective marketing, more so than advertising spending.

In a study of U.S. recessions, McGraw-Hill Research analyzed 600 companies from 1980-1985. The results showed that business-to-business firms that maintained or increased their advertising expenditures during the 1981-1982 recession averaged significantly higher sales growth, both during the recession and for the following three years, than those that eliminated or decreased advertising. By 1985, sales of companies that were aggressive recession advertisers had risen 256% over those that didn't maintain their advertising.

In addition, a series of six studies conducted by the research firm of Meldrum & Fewsmith showed conclusively that advertising aggressively during recessions not only increases sales but also increases profits. This fact has held true for all post-World War II recessions studied by the American Business Press starting in 1949.

Two things to keep in mind: This McGraw Hill study was conducted on 600 B2B firms, and it focused solely on measuring the effect of advertising on sales revenues.

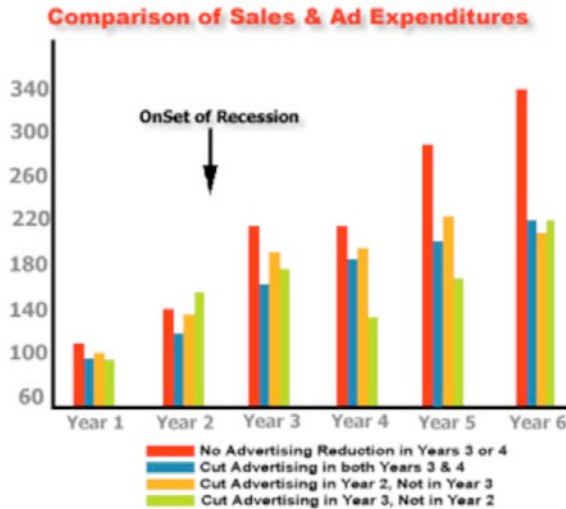
The Frankenberger Graham Study¹⁹

A 2003 comprehensive econometric study of 2,662 firms analyzed the economy-wide and industry specific effects of average advertising on earning and market value compared to the effect during non-recessionary periods for consumer products, industrial products, and services industries. The three main findings are:

1. Results indicate that advertising creates a firm asset by contributing to financial performance for up to three years in the future.

¹⁹ Kristina D. Frankenberger and Roger C. Graham, 2003, Marketing Science Institute. *Should Firms Increase Advertising Expenditures during Recessions?*

2. Increased advertising during a recession provides a bigger boost than the benefits of increased advertising during a non-recession (but a decrease in advertising has little effect beyond the year during which the advertising was not done).
3. The increase in performance is greater with consumer and industrial products than with services.



The study concludes by saying that for most companies, barring that the company did not over-spend on advertising before the recession, the most productive decision is to increase rather than decrease advertising during a recession.

As a case in point, Audi reported in the February 2009 issue of Advertising Age that it would increase its 2009 advertising budget by 15 percent, specifically to take advantage of a soft advertising spending market. “Audi has already seen increases in its brand awareness and purchase consideration that executives attribute to the ability to market aggressively while other auto makers cut back,” Kristina Frankenberger, co-author of the report said.

Implications For Marketing

Regardless of economic climates, compelling marketing efforts are:

- used to gain market share by building awareness of brands and products.
- an investment in BRAND EQUITY. It is not a question of maintaining or increasing budgets, but rather of achieving superior results with more effective brand management. In 2001, brand value represented 33% of the market capitalization of the companies in Interbrand Top 100. In 2003, the number went up to 36%²⁰.
- Recessionary advertising sends a confidence signal to customers during a period of economic uncertainty.

²⁰ Interbrand, 2003. *Branding in a Recession*.

MARKETING PLAN

Objectives

- **“Write the book” on waterfree urinal technology, firmly guiding market perceptions to the compelling conclusion that Falcon Waterfree urinals are the most advanced and superior urinal technology available.** The consensus of the Falcon sales team is that in order to grow sales, the economy needs to improve and the market perceptions of waterfree urinals need to be corrected. Near the end of 2008, Falcon US/Canada advertising stopped and the majority of tradeshow were cancelled. This action greatly reduced marketing expenses but also quieted Falcon’s voice in the market, allowing myths and misconceptions of waterfree urinal technology to gain a stronger foothold. In order to help the US/Canada sales teams sell more urinals, we will win back the positive and constructive perceptions in the marketplace, paving the way for increased urinal sales. In other countries such as India, cheap competitors are aggressively pursuing sales with product technology that has failed in other parts of the world. In order to displace the noisy competitors we will amplify our voice in the market in a targeted manner so that our value proposition is undeniable. It would be ideal to perform market research to gauge progress on this objective but limited budgets prohibit this type of research, so **results of this effort will be measured by urinal sales and feedback from our sales team.**
- **Increase the quantity and conversion of sales leads.** Since we began detailed US/Canada sales lead analysis in 2007, the rate of converting new sales leads into customers or “qualified” sales (where the sale of urinals is expected) has remained between 20% and 22%. But since budget-cutting measures were implemented in 2008, sales leads and conversions have reduced 73%. By amplifying our focus on key markets with targeted marketing programs, sales lead volumes will increase along with the number of customers and urinal sales. In 2009, sales leads converted into 156 customers for a total of 3,227 urinals sold. In 2010 YTD, sales leads converted into 69 customers for a total of 1,036 urinals sold. **The goal for 2011 is to meet or beat 2009 performance.**
- **Shorten the length of sales cycles.** Seventy percent of the most recent “won” urinal sales opportunities took longer than 6 months to close. **The goal for 2011 is to close a greater percentage of opportunities within 6 months.**

Strategy

The Markets/Industries That We Compete In

The target market for Falcon is comprised of facilities of all sizes. Approximately 54 million urinals are currently installed around the world, with the majority in customer segments that are highly attractive, based on compelling lifetime values for Falcon (Mercer). The largest market opportunities include:

- Education
- Large commercial offices
- Municipal (parks, transportation, government service buildings, etc.)

The Falcon Waterfree urinal is positioned to be cost-effective when compared to alternative water-flushing urinals and other waterfree urinal technologies.

Target Customers

The key decision makers are generally senior facility and energy managers. Key influencers that often surround the facility managers include sustainability directors, engineering, maintenance, architects, purchasing, senior managers, and building occupants (students, employees, customers, etc.)

Brand Positioning and Value Proposition

- Falcon’s branding message is “Better by Design.” We’ve moved beyond the “new to market” phase of market penetration and are now differentiating ourselves from competitors. The value propositions remain the same but the main idea has changed to state that Falcon Waterfree urinals are the most advanced and superior technology available, providing the ultimate in efficiency and payback.
- “Pee Green” takes a lighter approach to the weighty issues of environmental sustainability. This identity is Falcon’s Twitter identity and resonates well with people in environmental circles.
- Falcon Waterfree Technologies is the industry leader, with the most advanced technology, largest installed customer base, and extensive sales/customer support network.
- Urine is 97 percent water. Using water to dispose of water makes no economic sense, particularly in a world facing a very limited supply of readily available fresh water. Falcon Waterfree urinals cost less to operate than flush urinals, save 100% of the water used by water-flushing urinals, and provide cleaner restrooms. Because the transport and treatment of water is an energy-intensive process, the resulting water conservation reduces energy demand and greenhouse gas emissions. Even low-flush urinals cannot escape the costs and headaches of water use and valve maintenance, which is why Falcon Waterfree urinals provide the greatest value to facility operations. The replaceable cartridge in the Falcon Waterfree urinal provides the most cost effective method of operation for waterfree urinals because of its sealed design and long operating life. Other brands of non-water urinals have appeared in the marketplace but they utilize old technology or ignore the fundamental principles that Falcon has mastered and patented. The adaptive installation hardware provides the quickest installation in the widest variety of conditions, providing reliable performance and the ultimate efficiency.

U.S. Market-Specific Tactics

Forty-eight percent of the United States population is in the Eastern Time zone, which means that forty-eight percent of the raw sales opportunity for Falcon is in that time zone. But population is only one of four factors that help us focus on the areas with the best sales opportunities. The following market-specific tactics will be implemented in metropolitan areas that has been identified by:

- **Demographics:** Large and growing population, which correlates to the number of urinals in the market area.²¹
- **Economic:** High water/sewer costs, significant rebates, and overall construction spending.
- **Natural:** Severe drought or water delivery constraints.

²¹ Population and growth rates from U.S. Census data. The number of urinals in each market is based on the 2005 *Market Opportunity Assessment* by Mercer Management Consulting, which reports the U.S. market to have 8.9 million urinals, or 29,300 urinals per million people.

- **Political:** Waterfree urinal code approval, municipal mandates, density of Army bases, and density of federal stimulus plan spending.

The most critical requirement for each of these areas is “feet on the street.” The underlined actions indicate staffing that will be put into place.

Arizona - Phoenix

Macro Forces

- Demographics: 4.3 million people in the greater metropolitan area. 4th fastest growing U.S. city. Estimated 125,990 urinals.
- Natural: The long-term drought outlook for most of Arizona, including Phoenix, is D1 (which is one level worse than “abnormally dry”)

Sales Presence

- Regional Manager in LA

Actions

- Setup a manufacturers representative and establish a stocking distributor. Local market introduction to include a sales and publicity blitz.
- Working with the state water resources board and city of Phoenix to add waterfree urinals to the existing rebates.
- Identify large retrofit opportunities through the Arizona Clean Water and Clean Drinking Water SRF programs.
- Leverage our coalitions with the Arizona Department of Water Resources and Phoenix Water Services Department for introductions to large retrofit opportunities.
- Develop sales opportunities as listed in sales pipeline reports including local military, municipal, and education.

California - Southern

Macro Forces

- Demographics: 23 million people (LA is 2nd largest metropolitan area in the U.S. with 13 million and is the fastest growing U.S. city). Estimated 673,900 urinals.
- Economic: Combined water and sewer costs are average (\$5-7/1,000 gallons) but dramatic increases are occurring in some areas. Rebates range from \$200-500 per urinal, covering most or all the cost of purchase and installation.
- Natural: Persistent drought. The drought outlook for the majority of California is D2 (extreme).
- Political/Legal: Strong rebate programs and support of municipal water authorities has been established for several years, so momentum is strong.

Sales Presence

- VP/Regional Manager and three sales managers
- Six stocking distributors (Waxie)
- Falcon senior management including CEO, VP Gov Affairs, and Board Members
- One full-time rebate coordinator and one full-time field technician

Actions

- VP, Gov. Affairs attends public meetings to increase rebates, strengthen water conservation policy that is favorable to waterfree urinals.
- Local sales team will continue to develop opportunities and direct the sales through local distributors and leverage available rebates: <http://www.bewaterwise.com/rebates01.html>
- Falcon senior management will continue to develop large business opportunities and policies that subsidize waterfree urinals.
- Identify large retrofit opportunities through the California Clean Water and Clean Drinking Water State Revolving Fund (SRF) programs.
- Leverage our coalition with the Metropolitan Water District for introductions to large retrofit opportunities.
- Develop sales opportunities as listed in sales pipeline reports including local military, municipal, and education.

California - San Francisco

Macro Forces

- Demographics: 4.3 million people in the greater metropolitan area. Estimated 125,990 urinals.
- Economic: Water and sewer rates are higher than average at \$10.22/1,000 gallons. Current rebates are \$200 per waterfree urinal.
- Natural: Persistent drought. The drought outlook for the majority of California is D2 (extreme).
- Political/Legal: Ordinance requires that all commercial buildings convert to high efficiency urinals by 2017.

Sales Presence

- Regional Manager in San Antonio, TX
- Mfg Rep
- One stocking distributor (Waxie)

Actions

- Leverage available rebates: http://sfwater.org/detail.cfm/MC_ID/16/MSD_ID/171/C_ID/2258
- Identify large retrofit opportunities through the California Clean Water and Clean Drinking Water SRF programs.
- Leverage our coalition with the San Francisco Public Utilities Commission water department for introductions to large retrofit opportunities.
- Develop sales opportunities as listed in sales pipeline reports including local military, municipal, and education.

Colorado - Denver

Macro Forces

- Demographics: 2.5 million people in the greater metropolitan area. Estimated 73,250 urinals.
- Economic: Current rebates are \$50/waterfree urinal.
- Natural: Abnormally dry conditions in the southwest and central section of Colorado has driven water conservation programs.

- Political/Legal: Green building ordinance for new construction requiring LEED certification.

Sales Presence

- Regional Manager in San Antonio
- Mfg rep in Ogden, UT
- Two stocking distributors (Waxie and High Country)

Actions

- Setup a local manufacturers representative. Local market introduction to include a sales blitz.
- Leverage available rebates:
<http://www.denverwater.org/Conservation/Rebates/IndoorCommercialRebates/>
- Working with local officials to increase the rebate amounts.
- Identify large retrofit opportunities through the Colorado Clean Water and Clean Drinking Water SRF programs.
- Leverage our coalition with Denver Water for introductions to large retrofit opportunities.
- Develop sales opportunities as listed in sales pipeline reports including local military, municipal, and education.

DC - Washington

Macro Forces

- Demographics: 8.2 million people in the Washington/Baltimore area. Estimated 240,260 urinals.
- Economic: Water and sewer rates are higher than average at \$9.77/1,000 gallons.

Sales Presence

- Regional Manager in Atlanta
- Stocking distributor in Andover, MD

Actions

- Setup a manufacturers representative. Local market introduction to include a sales blitz.
- Leverage our coalition with the DC Water & Sewer Authority for introductions to large retrofit opportunities.
- Develop sales opportunities as listed in sales pipeline reports including local military, municipal, and education.

Florida - Miami

Macro Forces

- Demographics: 5.4 million people in the metropolitan area. Estimated 158,220 urinals.
- Economic: Combined water & sewer rates are slightly above average, at \$8.20/1,000 gallons.
- Natural: Extreme drought conditions over the past five years have driven conservation programs.

Sales Presence

- Regional Manager in Atlanta.

Actions

- Setup a manufacturers representative and establish a stocking distributor. Local market introduction to include a sales and publicity blitz.
- Working with the state water resources board and city of Miami to add waterfree urinals to the existing rebates.
- Leverage our coalition with the regional water authorities for introductions to large retrofit opportunities.
- Identify large retrofit opportunities through the Florida Clean Water and Clean Drinking Water SRF programs.
- Develop sales opportunities as listed in sales pipeline reports including local military, municipal, and education.

Georgia - Atlanta

Macro Forces

- Demographics: 5.4 million people in the greater metropolitan area. Estimated 158,220 urinals.
- Economic: Water and sewer rates are double the national average at \$13.35/1,000 gallons.
- Natural: Less-than-normal rainfall in the past several years has caused water reserves to fall dangerously low, which drives conservation programs.

Sales Presence

- Regional Manager in Atlanta
- One stocking distributor (RJ Diamond)

Actions

- Identify large retrofit opportunities through the Georgia Clean Water and Clean Drinking Water SRF programs.
- Leverage our coalition with the Metropolitan North Georgia Water District for introductions to large retrofit opportunities.
- Develop sales opportunities as listed in sales pipeline reports including local military, municipal, and education.

Illinois - Chicago

Macro Forces

- Demographics: 9.5 million people in the metropolitan area. Estimated 278,350 urinals.
- Political/Legal: Chicago City government has been very active on issues of environmental sustainability. Also, Chicago has a significant number of federal facilities.

Sales Presence

- Regional Manager in Detroit

Actions

- Falcon VP, Government Affairs will continue to work closely with state code officials for explicit approval of waterfree urinals.
- Setup a manufacturers representative and establish a stocking distributor. Local market introduction to include a sales and publicity blitz.

- Leverage our coalition with the Chicago city government for introductions to large retrofit opportunities.
- Develop sales opportunities as listed in sales pipeline reports including local military, municipal, and education.

Massachusetts - Boston

Macro Forces

- Demographics: 7.4 million people in the Boston combined statistical area (CSA). Estimated 216,820 urinals.
- Economic: Water and sewer rates are higher than average at \$11.56/1,000 gallons.

Sales Presence

- Regional Manager in Long Island, NY

Actions

- Setup a manufacturers representative and establish a stocking distributor. Local market introduction to include a sales and publicity blitz.
- Identify large retrofit opportunities through the Massachusetts Clean Water and Clean Drinking Water SRF programs.
- Leverage our coalition with the Boston Water and Sewer Commission and the Massachusetts Executive Office of Environmental Affairs for introductions to large retrofit opportunities.
- Develop sales opportunities as listed in sales pipeline reports including local military, municipal, and education.

New York – New York

Macro Forces

- Demographics: 19.0 million people in the greater metropolitan area (largest in U.S.) 2nd fastest growing city. Estimated 556,700 urinals.
- Economic: Water and sewer rates in are above average at \$9.04/1,000 gallons. Much of New York real estate is old and inefficient.

Sales Presence

- Regional Manager in Long Island, NY

Actions

- Setup a manufacturers representative, and establish a stocking distributor. Local market introduction to include a sales and publicity blitz.
- Urinal rebates are in development, so we will continue to be closely involved to ensure the introduction of large rebates for waterfree urinals.
- Identify large retrofit opportunities through the New York Clean Water and Clean Drinking Water SRF programs.
- Leverage our coalition with the New York City Water Board and Department of Environmental Conservation for introductions to large retrofit opportunities.
- Develop sales opportunities as listed in sales pipeline reports including local military, municipal, and education.

Nevada - Las Vegas

Macro Forces

- Demographics: 1.9 million people in the greater metropolitan area. 11th fastest growing U.S. city. Estimated 55,670 urinals
- Economic: Current rebates cover up to 50% of total cost, up to \$360 and require a minimum of 7 urinals.
- Natural: Persistent drought and a severe decrease in water reserves at Lake Meade are driving conservation efforts.

Sales Presence

- Regional Manager in LA
- One stocking distributor (Waxie)

Actions

- Setup a manufacturers representative. Local market introduction to include a sales blitz.
- Work closely with the Southern Nevada Water Authority in the roll-out of their new rebates that apply to waterfree urinals.
- Leverage available rebates: http://www.snwa.com/html/cons_index.html
- Working on new construction and retrofit ordinances modeled after Los Angeles and San Francisco.
- Identify large retrofit opportunities through the Nevada Clean Water and Clean Drinking Water SRF programs.
- Leverage our coalition with the Southern Nevada Water Authority for introductions to large retrofit opportunities.
- Develop sales opportunities as listed in sales pipeline reports including local military, municipal, and education.

New Mexico - Albuquerque

Macro Forces

- Demographics: 846K people in the greater metropolitan area. Estimated 24,788 urinals.
- Economic: Water and sewer rates are below average (\$3.16/1,000 gallons). Current rebates are \$100/waterfree urinal.

Sales Presence

- Regional Manager in LA

Actions

- Setup a manufacturers representative and establish a stocking distributor. Local market introduction to include a sales and publicity blitz.
- Leverage available rebates: <http://www.abcwua.org/content/view/133/229/>
- Identify large retrofit opportunities through the New Mexico Clean Water and Clean Drinking Water SRF programs.
- Leverage our coalition with the Albuquerque Bernalillo County Water Utility Authority for introductions to large retrofit opportunities.

- Develop sales opportunities as listed in sales pipeline reports including local military, municipal, and education.

North Carolina - Charlotte

Macro Forces

- Demographics: 1.7 million people in the metropolitan area. Estimated 49,810 urinals. Charlotte is one of the fastest growing metropolitan areas in the United States.
- Natural: Extreme drought conditions over the past five years have driven conservation programs.

Sales Presence

- Regional Manager in Atlanta.
- Mfg Rep in Shelby, NC
- Stocking distributor (Kelsan)

Actions

- Leverage our coalition with the regional water authorities for introductions to large retrofit opportunities.
- Identify large retrofit opportunities through the North Carolina Clean Water and Clean Drinking Water SRF programs.
- Develop sales opportunities as listed in sales pipeline reports including local military, municipal, and education.

Texas - Austin

Macro Forces

- Demographics: 1.7 million people in the greater metropolitan area. Estimated 49,810 urinals.
- Economic: Water and sewer rates are slightly higher than average at \$7.87/1,000 gallons (2006 AWWA Rate Survey). Current rebates are \$175/waterfree urinal.
- Natural: Long-term drought outlook for central and southern Texas ranges from D2 to D4 (the drought intensity scale is D0 to D4, with D4 being the most intense).
- Political/Legal: A new green building ordinance is under review.

Sales Presence

- Regional Manager in San Antonio
- One stocking distributor (Pollack)

Actions

- Setup a manufacturers representative. Local market introduction to include a sales blitz.
- Leverage available rebate programs: <http://www.ci.austin.tx.us/watercon/ctoilet.htm>
- Work with municipal officials to include mandates for waterfree urinals in the new green building ordinance.
- Identify large retrofit opportunities through the Texas Clean Water and Clean Drinking Water SRF programs.
- Leverage our coalition with the Austin Water for introductions to large retrofit opportunities.

- Develop sales opportunities as listed in sales pipeline reports including local military, municipal, and education.

Texas - Dallas/Ft. Worth

Macro Forces

- Demographics: 6.3 million people in the greater metropolitan area (4th largest in U.S.) Fort Worth is the 6th fastest growing U.S. city. Estimated 184,590 urinals.
- Economic: Water and sewer rates below average (\$4.96/1,000 gallons in Ft. Worth and \$3.16 in Dallas)
- Natural: Long-term drought outlook for central and southern Texas ranges from D2 to D4 (the drought intensity scale is D0 to D4, with D4 being the most intense).

Sales Presence

- Regional Manager in San Antonio

Actions

- Setup a local manufacturers representative and establish a stocking distributor. Local market introduction to include a sales and publicity blitz.
- Identify large retrofit opportunities through the Texas Clean Water and Clean Drinking Water SRF programs.
- Leverage our coalition with the City of Dallas and Fort Worth Water Departments for introductions to large retrofit opportunities.
- Develop sales opportunities as listed in sales pipeline reports including local military, municipal, and education.

Texas - San Antonio

Macro Forces

- Demographics: 2.0 million people in the greater metropolitan area. 3rd fastest growing U.S. city. Estimated 58,600 urinals.
- Natural: Long-term drought outlook for central and southern Texas ranges from D2 to D4 (the drought intensity scale is D0 to D4, with D4 being the most intense).

Sales Presence

- Regional Manager in San Antonio
- One stocking distributor (Pollack)

Actions

- Setup a manufacturers representative. Local market introduction to include a sales blitz.
- Work with San Antonio Water System to include waterfree urinals in fixture rebates and the large-scale commercial program.
- Identify large retrofit opportunities through the Texas Clean Water and Clean Drinking Water SRF programs.
- Leverage our coalition with the San Antonio Water Authority for introductions to large retrofit opportunities.
- Develop sales opportunities as listed in sales pipeline reports including local military, municipal, and education.

Specific International Markets

In regions of the world where Falcon has strategic partnerships, the partner organizations go to market with their own funding. In these areas, we consult, provide operational support, and provide marketing materials such as literature and DVDs. Sales inquiries from global marketing activities are provided to these partners.

Key international growth areas include China, India, and portions of Europe. Strategic plans are in development for each of these areas.

In China and India, product cost is a significant factor that is being addressed with strategic sourcing and product management. The new Dry Cartridge presents a vast improvement over alternate urinal technologies in these growth areas, so the value propositions in the go-to-market strategies will focus on Falcon's product superiority and enormous success around the world. The combination of credibility and cost/performance will be the heart of the messaging.

As we enter China and India, we must work very closely with local partners because they are exceptionally competitive areas. Our presence will be persistent. Marketing support for these growth areas will include:

- Product literature
- Presentations
- Life Cycle Cost Analysis
- Publicity
- Product/operations/customer support (specifications, instructions, etc.)
- Web site creation and management
- Product specifications and BIM

Market-Wide Tactics

Falcon marketing strategies and tactics address 3 essential pillars to Falcon sales, and the strength of sales depends of the strength of each individual pillar:

- **Customers** – The people who ultimately pay for and enjoy the benefits for Falcon urinals. Marketing tactics are based on compelling value propositions, which are easy to quantify.
- **Voice in the market** – Critical influencers include architects, contractors/plumbers, people who create standards/policies, LEED accredited professionals, water authorities, industry experts (writers and speakers at conferences), non-government authorities (such as Environmental Defense Council or Alliance for Water Efficiency), etc. Marketing tactics include publicity and broad market engagement at tradeshow/conferences. Quantifying the voice in terms of urinal sales is challenging.
- **Distribution** – Sales people, manufacturer representatives, and distributors are the front line to all sales. Marketing tactics include creation of sales tools, but Falcon's voice in the market also has an impact on the effectiveness of distribution to compel customers to make a purchase.

The following map illustrates how tactical plans for achieving the sales, as detailed in the sales pipeline reports, are aligned with specific market demographics and sales opportunities.



Campaigns

Accelerating Sales with Telemarketing

Scope: US (initially)

Develop an integrated strategy to create qualified sales opportunities from a very specific and target list of Fortune businesses. Identify prospect targets then develop relationships. In the process, generate the appropriate business data that can convert into real business opportunities for sales force to follow-up and closing of new sales.

Methodology will include:

- High-end teleservices (telemarketing) to identify, engage and convert the target decision-makers in Fortune businesses that have demonstrated environmental sustainability objectives
- One-off E-mail marketing to prospect targets based on demand during the call campaign
- Lead, data management & routing

Specific objectives will include:

- Extract key business data
- Accelerate new sales opportunities
- Increase the quantity and quality of leads the sales pipeline
- Improve the productivity of the sales team
- Reduce sales cycle and customer acquisition costs
- Enhance our actionable business intelligence

Initial budget:

- \$10,000
- Includes script development, programming, pre-testing, all Business Development Specialist activity, lead generation, electronic database importing, electronic reporting tools, analysis and summarization
- Six weeks timeline

Expected results:

- New sales of more than 400 urinals

Ongoing budget:

- To be determined, based on the results of the initial phase
- With results of more than 400 urinals sold per \$10,000 investment, this project can be scaled up and expanded to market areas outside of the United States

Risk/Reward

Scope: Global

The sustainability movement runs the gamut from helping companies and organizations as diverse as the Academy Awards, Major League Baseball, Philadelphia Eagles, and Warner Brothers go green. Influential environmental groups such as Natural Resources Defense Council, Sierra Club, World Wildlife Fund, Global Green, Environmental Entrepreneurs, and others can be leveraged to win the endorsement and sales opportunities with highly visible organizations with sustainability angles. By demonstrating that 'going green' can be a part of an enlightened business strategy, organizations can save money and

create significant economic opportunities while enabling them to gain a true competitive advantage. By engaging these organizations at the business strategy and policy level, we can prove how sustainable practices and systematic change is in the best interest of shareholders over time. As little as 8 percent of consumers have trust in what companies say about themselves²², which is why a strategy that engages partners and customers to speak to the market on behalf of Falcon Waterfree can be exceptionally effective. This campaign will catalyze these changes, creating programs that involve many stakeholders and provide organizations with guidance, creativity, confidence, and tools to transform themselves. Following are some of the partners that we will consider in this campaign.

- **Credibility Partners** – Highly respected organizations such as NRDC (Natural Resources Defense Council) don't officially endorse specific products but they are willing to endorse sustainable practices such as waterfree urinals. Strong testimonials from NRDC's senior scientists may be used for press use on their behalf.
 - Natural Resources Defense Council: <http://www.nrdc.org/>
 - Sierra Club: <http://www.sierraclub.org/>
 - The Nature Conservancy: <http://www.nature.org/>
 - Stockholm International Water Institute: <http://www.siwi.org/>
 - Conservation International: <http://www.conservation.org/>
- **Trade Partners** – Organizations like Green Plumbers are partnering with professional trades and journeyman programs to provide "green" certification for installers and service people. Since Green Plumbers already has a national training program, Falcon could quickly become part of their curriculum. The objective of this type of partnership is to provide proper orientation and training, plus build a sense of pride and ownership in the minds of the trades-people for waterfree urinal technology.
 - Green Plumbers USA: <http://www.greenplumbersusa.com/>
- **High Visibility Partners** – Becoming part of "green guidelines" for Major League Baseball, the NBA, NHL, and United States Tennis Association will provide extensive exposure for Falcon, beyond the restroom. These guidelines outline best practices for how to implement sustainable practices, including recommendations for facilities and procurement. For the quickest entry, we require the outside assistance of a business that already has high-level, similar partnership with these organizations. The agency that created the Philadelphia Eagles Go Green program is an excellent candidate and should be evaluated for total cost and effectiveness. Endorsement by high-visibility partners will move Falcon Waterfree up the awareness > acceptance > adoption ladder for large sales opportunities.
- **Influencer Communities** - There are many notable influencer communities, such as "Green Drinks" networking events that happen regularly around the country. Raising the profile of waterfree urinals in this somewhat whimsical context is low cost and can create new evangelists and future customers. With a structured campaign, we can leverage these types of groups with very little additional cost, plus it adds another dimension to the relationships that our sales people create with customers and sales prospects.
 - Green Schools: <http://www.buildgreenschools.org/>
 - H2O Conserve: <http://www.h2oconserve.org/>
 - Green Drinks: <http://www.greendrinks.org/>
 - Alliance for Water Efficiency: <http://www.allianceforwaterefficiency.org/>
 - Consumer advocacy section of American Water Works Association: <http://www.drinktap.org/>

²² Alterian, 2010. *Your Brand: At Risk or Ready for Growth*

- Sustainable Business Institute: <http://www.sustainablebusiness.org/>
- Sustainable Business.com: <http://www.sustainablebusiness.com/>
- Others: <http://www.waterconserve.org/links/Organizations/Networks/welcome.asp> and <http://www.waterconserve.org/links/Organizations/Non-Governmental/welcome.asp>

Methodology:

- Present the Falcon Waterfree Technologies as the standard. Falcon urinals are unlike any other urinal because they deliver the ultimate in performance, conservation, and cost savings.
- Spark a dialog among the environmental groups and draw the prospective customers into the dialog. We need to move beyond simple advertising...we need to create a common and widespread belief that Falcon Waterfree urinals are fundamentally a better way – an innovation that is right for the times.
- Promote the category, promote ourselves. Myths and misconceptions have garnered enough publicity to be perceived as reality in the minds of buyers and influencers. It's time to make the concept of waterfree urinals famous for the right reasons.
- Reframe the risk/reward. The time for stale arguments is over. People are either for progress or against it. The rewards of going waterfree are clear and we need to reframe the risk so any manager associating the installation of water flushing urinals is wasting money and resources.
- Showcase the winners. The companies and individuals that have made the right choice are heroes. Use testimonials to show them as being ahead of the curve.

Objectives:

- Reduce/overcome barriers to urinal sales
- Shorten the sales cycle
- Generate rich sales leads

Components:

- Integrated media campaign with a digital tool kit (make it easy for evangelists to promote Falcon Waterfree within their respective organizations)
- Public relations (generate ink in the voice of environmental groups and customers)
- Dedicated, thematic web site (embody a creative concept with sales tools in a way to generate new sales leads)

Budget

- \$50,000 (note that this budget is 65% of what was originally estimated so to avoid diluting the concept, the field of reach will be reduced and involve fewer influencer groups and the PR aspect will be targeted on select metropolitan areas)
- Three month timeline for development and roll-out
- Campaign to continue throughout 2011

Expected results:

- New sales of more than 3,000 urinals

Tradeshow Events

Scope: U.S. and Canada

Falcon exhibits and participates at the following events because attendance demographics are on-target with Falcon's primary markets and sales opportunities. More importantly, tradeshows strengthen two of the three essential pillars for sales: customers and voice in the market.

An important component of maximizing the value of tradeshows is having strong representation by the guest speakers at the event. Networking efforts with authors and speakers takes place throughout the year and at key events.

National tradeshow attendance has generally weakened because businesses are allowing fewer employees to travel to national events, causing most fringe events to languish while dominant events such as Greenbuild have maintained or slightly increased attendance levels. The silver lining of this is that attendance at national events is concentrated with fewer low-level buyers and local low/no-cost event attendance is increasing. The latter presents a greater opportunity for our sales people to reap the benefits of participating in local chapters of Building Owners and Managers Association (BOMA), International Facility Managers Association (IFMA), education facility associations (CEFPI, SCUP, and APPA), and "green" oriented activities like Green Drinks and USGBC-oriented events. Networking at local chapters of targeted organizations provides Falcon sales people with an alternative to the traditional cold-calling to develop new sales opportunities.

GovEnergy

- August 2011 in Cincinnati, OH
- #1 national federal event for energy/facility managers (attendance = 4,000)
- Association-based membership and attendance. Attendees are primary decision makers of federal funding. Federal market has no code issues and we can sell on GSA contract.
- Customers from this event: VA Medical Center in Ann Arbor MI, VA Medical Center in Atlanta, Tetra Tech, NAVFAC in Port Hueneme CA, Schofield Barracks in HI, VA Medical Center in Portland OR, Army Nat. Guard in PR, DoD in Severn MD, FD&CC in Seattle WA, Defense Threat Reduction Agency at Fort Belvoir VA, VA in Vancouver WA, VA Medical Center in Spokane WA, VA in Loma Linda CA, VA Medical Center in Chillicothe OH.
- The 2010 event in Texas "sold out" with all available exhibits sponsorships sold. Attendance was also at capacity, which is clear evidence of the importance of conservation in the federal market and the opportunity for Falcon.
- Budget: \$4,000

International Facility Management Association (IFMA) World Workplace

- October 2011 in Phoenix, AZ
- Tied with BOMA as the top national event for commercial and institutional facility managers (attendance = 3,000)
- Customers from this event: Meijer Gardens in Grand Rapids, City of Eugene OR, City of Santa Rosa CA, Johnson Diversy in WI, Nordstrom, Toyota, Dallas Fort Worth Airport, Pennsylvania Turnpike, McDonalds in FL, and Geico.
- The main difference between BOMA and IFMA is that IFMA has a more diverse membership that covers federal, municipal, attractions, arenas, museums, and education markets.
- Budget: \$4,000

Building Owners and Managers Association (BOMA) International

- June 2011 in Washington, DC (more than 40 million people live within 200 miles of Washington, DC which means that the building density and sales opportunity for Falcon is greater than the entire state of California. The heavy urban density and high cost of water/sewer, and LEED activity make this a rich potential sales area for Falcon).
- Tied with IFMA as the top national event for commercial and institutional facility managers (attendance = 3,000)
- BOMA has 16,000 members that own or manage more than nine billion square feet of commercial properties.
- The main difference between BOMA and IFMA is that BOMA membership primarily covers owned or leased commercial office and warehouse facilities.
- Budget: \$4,000

Greenbuild

- November 2011 in Toronto, ON (Philadelphia in 2012 and San Diego in 2013)
- #1 international event for LEED APs and corporate sustainability officers (attendance = 30,000)
- Association-based membership and attendance. Mostly LEED AP architects, designers, and property managers and corporate sustainability officers. This is the “North American Auto Show” of the green movement and is critical to Falcon for advocacy, brand, and media.
- Customers from this event: Vanderbilt University, PA EPA, Beaver Park Investments in Penrose CO, Minto Energy in Toronto ON, Alliance for Sust. CO.
- Budget: \$11,000

CB Richard Ellis and other large property management firm’s annual meetings.

APPA, CEFPI, and SCUP (education facilities) - Education is the largest customer base and market for Falcon. Facility decision makers attend the local chapter activities, where our sales people can attend or present lunch & learn sessions. The cost is based on the association membership.

Media and Public Relations

Scope: Global

Effective media relations result in press coverage that provides highly credible information and compelling stories. Waterfree urinals provide unique, sometimes fun, and meaningful subject matter for news features and blogs. Reporters are often working on short deadlines so Falcon’s responsiveness and self-serve area of the web site helps garner more media coverage than competitors. Meetings with editors at events are also significantly helpful because writers attend events for the sole purpose of finding ideas to write about. Relationships with editors also help Falcon to be the first source that they call when researching water conservation or plumbing technology.

Frequent website postings of news releases improve Google and other search engine rankings for Falcon, driving more traffic to the website.

Press release distribution is done via email. Reporters generally respond to messages where they are the only recipient, not BCC’d. Because news is competitive, reporters deeply resent being one of many recipients listed in the TO of email messages.

We have excellent relationships with several of the leading industry publications, so we can effectively work them for exclusive stories.

MarketWire Mediahub

- Service for researching media contacts, editorial schedules, and distribution lists
- Budget: \$3,300

MarketWire Newswire Distribution

- Newswire distribution that places our news releases in Reuters, AP Newswire, Bloomberg, and other newswire services
- Budget: \$5,200

Writing, editing, and translation services

- Budget: \$5,000

Maintain RSS feeds as an automated option for people in the media to become informed of Falcon news.

- Budget: \$0

Publicity Opportunities

- **Awards and recognition of the company, products, and people** - Falcon is frequently recognized by association and publications.
 - Objective: Build or establish credibility
 - Angle: #1) Kudos. #2) Local relevance. #3) Angles for national trade publications to be determined.
 - Distribution: Global, national, or regional, depending on PR subject
 - Media: Depends on distribution
 - Budget: \$0
- **Science studies** - Scientific reports related to hygiene, water conservation, and green house gases may be good subjects for Falcon PR. Evaluated on a case-by-case basis.
 - Objective: Build or establish credibility
 - Distribution: Global, national, or regional, depending on PR subject
 - Media: Depends on distribution
 - Budget: \$0
- **Case study news releases** - Presenting customers as heroes builds a strong credibility case for Falcon and stimulates customer evangelism.
 - Objective: Build or establish credibility
 - Distribution: Global, national, or regional, depending on PR subject
 - Media: Depends on distribution
 - Budget: \$0
- **Special days: St. Patrick's Day (Pee Green, March 17), World Water Day (March 22), Earth Day (April 22), World Water Week (August 16-22)** - These types of events are generally fun-oriented, the lighter side of serious subjects.
 - Objective: Build affinity for Falcon in a personal or viral way
 - Distribution: Global, national, or regional, depending on PR subject
 - Media: Depends on distribution
 - Budget: \$0

Boilerplate Publicity

- **Drought** - Boilerplate program that can be quickly localized and mobilized to tie in with drought issues and news.
 - Angle: Easy solution that provides relief (pun intended).
 - Distribution: Localized
 - Media: Newspaper and broadcast
 - Budget: \$0
- **Increasing Water and Sewer Rates** - Boilerplate program that can be quickly localized and mobilized to tie in with rate issues and news.
 - Angle: Rates never go down. Easy solution to provide relief (pun intended).
 - Distribution: Localized
 - Media: Newspaper and broadcast
 - Budget: \$0

Social Media - Twitter, Facebook, and WordPress.

- Striving to be fun, viral, casual. Hard marketing does not survive in social media but when the 'social' aspect is embraced, success is achieved.
- Budget: \$0

Web Site Updates

Scope: Global

To better engage and guide our website visitors to compelling conclusions, the following improvements are called for:

- The look and feel should reflect our position as a global leader in the category, so visitors from anywhere in the world will feel like the site addresses their needs, filtering the content so it's pertinent to their region. Also, the global sites need consistency in the brand presentation.
- Simplified navigation. The site currently has 13 categories on the top menu bar, and should have half as many.
- Subscription option. Allow visitors to simply enter their email address to receive news, case studies, and special offers email from Falcon.
- Dedicated campaign landing pages and "sticky" web visits. This will allow us to obtain performance metrics for online campaigns. To run an effective online marketing campaign the web destination must provide conversion metrics and be an aggregation point for sales leads.
- Improve search engine optimization, for better natural results in searches.

Currently, we have 19 Falcon web sites around the world that are inconsistent and varied in their effectiveness. These sites include:

- Falcon corporate (English, US-centric web site)
- Baltic
- Denmark
- Finland
- Germany (Sinaqua)
- Italy

- Poland
- Romania
- Spain
- Turkey
- Philippines
- China
- Korea
- Taiwan
- Australia
- New Zealand
- Guam
- UAE
- Costa Rica

Options

- Simple globalization – add a ‘locations’ link and modify the products/literature pages so visitors are prompted to identify their location. They will then be presented with content that pertains only to their region or linked to another web site. This will not address the look and feel of the non-US web sites but will provide better global linkage and present the site more as a global organization. Cost estimate = \$7,000
- Update the navigation – Create template-based navigation that would make it easier to generate duplicate/customized web sites for other regions and languages. This would not include creative, translation, or the time required to populate/edit new web sites. Budget = \$10,000
- Creative development – New home page development and coding that can be used in global sites. This will provide a high degree of consistency and localization. Budget = \$10,000

Budget

- \$30,000 to 40,000

Sales Tools

Continuing Education Accredited Presentation Program

Scope: Global

With a continuing education accredited presentation, Falcon Waterfree can ‘write the book’ on high efficiency urinal technology. Architects, engineers, and a growing number of municipal employees are required to complete a minimum number of accredited continuing education units (CEUs) hours each year. By offering a good accredited CEU program, we can help them meet their job requirements and gain influence for greater number of sales opportunities throughout the world. The audience for this sales tool is enormous. More than 80,000 professionals subscribe to AEC Daily services to complete CEUs.

Basic requirements:

- We may offer product demonstrations either before or after the educational portion of a course; however, promotion or discussion of proprietary company information is strictly forbidden during the educational portion of the course. Product specification or service questions raised by

participants during the course should be postponed and addressed at the conclusion of the course. Company, product (trademarks, patents, and so on), and service information shall not be displayed or discussed during the credit portion of any AIA/CES program.

- Program must be pre-approved and meet specific requirements for structure, content, and objectives.
- Administration includes that we keep records of attendees for at least 6 years.

Deliverables:

- An accredited presentation that our sales people and manufacturing representatives can use to open doors with customers and strategic influencers/specifiers of urinals.
- Online delivery of the presentation via AECDaily.com
- Promotion to more than 80,000 design/engineering/construction and facility management professionals
- Accredited and promoted by AIA, USGBC, CSI, GBCI, HSW, BOMI, and several other organizations
- Administration of attendees managed by AEC Daily (6 years)
- Promotion to our contact database

Budget

- \$20,000 for the first year and \$6,500 for annual renewals (this should be presented to Sloan for cost sharing because they will benefit from this, too)

Construction Data Reports

Scope: Northeastern United States

- To enable the strategy of winning construction specification sales, construction data reports are necessary to provide a roadmap to sales opportunities. These reports are proprietary services of companies such as Reed Construction Data and McGraw Hill (Dodge Reports). These reports can also provide exceptionally useful market intelligence because they report competitive specifications as well as project losses and wins.
- Budget: \$15,000

New Literature

Scope: Global

- Market profiles (casinos, church/worship, commercial mfg, commercial office, commercial retail, convention centers, education, sports venues, theaters). Produced in house but costs incurred for photography and printing.
- Budget: \$5,000

Reprints of Existing Literature and DVDs

Scope: Global

- Budget: \$10,000

Research

Scope: U.S. and Canada

- Collect meaningful secondary research such as water/sewer rates, construction reports, and market forecasts for the purpose of developing targeted marketing efforts and to provide sales people with market intelligence.
- Budget: \$2,000

Drip Marketing Email Blasts and Autoresponders

Scope: U.S. and Canada

- When new sales leads cannot be qualified or new lists are acquired, they are flagged in our database as such and will receive periodic email messages that appear to come from our sales people. The goal is to use mass email to nurture the contacts into sales opportunities.
- When new contacts go into ACT, autoresponders can be setup to send automatic email messages based on pre-defined criteria, such as:
 - New contacts in ACT immediately receive an introductory email from the appropriate sales person.
 - New customers could receive a “welcome” message plus contact info for their local cartridge supplier.
 - New customers could receive a reminder after 60 days, reminding them to order replacement cartridges.
- Budget: \$2,500

BIM and Product Specs

Scope: Global

- Our product specs and BIM files should be integrated because architects and facility managers are beginning to use them together, throughout the lifecycles of buildings. Strong linkage and distribution will make Falcon specs more sticky throughout the planning stages and will provide facility managers with better info to support LEED, maintenance, and supply ordering. When Falcon is embedded in the BIM and spec files for buildings, we’ll be embedded in their life cycle processes. While BIM is still emerging in the marketplace, this is the most effective time for Falcon to enter because there is a tremendous amount of attention being paid to the topic. As all our key markets are focusing on BIM, we should be in the libraries and examples.

Reed product specifications

- Reed’s system is “open,” which means that any architect can use it. The Arcom specs are only available to architects that pay for Arcom’s service or download in our website. Arcom’s “basis of design” is good for when the specs are first downloaded, but if a firm uses a “house spec,” the basis of design can become irrelevant.
- First year for \$6,500
- Renewals are \$5,000/year

BIM Objects

- Create new BIM objects
- Distribution on AutoDesk SEEK and SmartBIM Libraries

- Why? The sizes of our old BIM files are exceptionally large, contain no metadata (links to specs, distributors, etc.), and we have no BIM objects for F5000 and F7000 models.
- First year for \$9,500
- Renewals are \$3,200/yr

Association Memberships

As a leading environmental technology company, Falcon takes an active roll in carefully selected associations. The objectives of association memberships include:

- Falcon personnel to become active board and committee members and participate in policy and activity development processes that favor the sale of Falcon Waterfree urinals.
- Each regional manager to become active in local chapters that can provide inside connections and networking with potential customers, leading to sales. With declining attendance at national events, attendance at local events is stronger and more effective than ever.
- Become part of the sustainability programs of the associations, with listings in their web sites, presentations, and special promotions to members.
- Negotiate membership in exchange for commission on urinal sales (like the agreement with the California Restaurant Association) in place of normal membership dues.

Associations:

- United States Green Building Council (USGBC): \$2,500 annually for national membership and \$65 per person for local chapter membership.
- International Facility Managers Association (IFMA): \$271 per individual member annually (\$1,084 for four regional managers)
- Building Owners and Managers Association (BOMA): \$600 per member annually (\$2,400 for four regional managers)
- American Water Works Association (AWWA): \$500 for individual membership
- Council of Education Facility Planners International (CEFPI): \$245 per member annually (\$980 for four regional managers)
- International Association of Assembly Managers (IAAM): \$600 annually
- Global Green Hospitality Consortium (GGHC): \$2,000 annually
- National Restaurant Association: \$1,200 annually
- Local green/sustainability memberships: Cost varies per locality

Budget: Membership costs are not part of the marketing budget

Other Marketing Deliverables

Energy Service Company (ESCO) Relationships

Scope: U.S. and Canada

- ESCOs are important decision makers in the U.S. federal and large international markets. While direct federal employees create policy, it's typically the ESCOs that make decisions, create plans, and execute facility upgrade projects for energy and water conservation. They generate ROI

analysis for projects, make recommendations, and often are the purchasing authority for new renovation/upgrade initiatives.

- Identify and profile every major ESCO contract in the U.S.
- Outside expense for this program will be minimal. The majority of the effort will be in research to find the appropriate contacts, creating the door-opening campaign, and for Falcon sales people to develop the contacts that will lead to new sales.
- Department of Energy (DOE) ESCOs have been awarded a master DOE ESPC contract: Ameresco, Chevron Energy, Clark Realty, Consolidated Edison, Consellation Energy, FPL Energy, Honeywell, Johnson Controls, Lockheed Martin, McKinstry Essention, NORESKO, Pepco Energy, Siemens, TAC Americas, Benham Companies, and Trane. Contacts are here: http://www1.eere.energy.gov/femp/financing/espcs_doeescos.html

Water Agency Coalitions

- Identify champions in the water/sewer departments and conservation programs of key market areas and establish relationships.
- Develop rebate programs that subsidize sales of Falcon Waterfree urinals. Help promote their conservation programs (provide information, images, etc.). Obtain customer lists and introductions for Falcon sales people and manufacturing representatives.

GSA Advantage Management

- GSA Advantage is an online purchasing system for U.S. federal agencies to procure materials and services, paying with credit cards.

Product Management

- Act as project manager for new product developments and create launch plans. Scope: U.S. and Canada.

Sales Support

- Provide ongoing marketing support, including market research, and customized presentations. Also provide training and support for new sales people, manufacturing representatives and distributors. Scope: U.S. and Canada.

Operations Support

- Provide ongoing design and production services for graphics used on products, packaging, and documentation as needed. Scope: GLOBAL.

Executive Reports

- Provide weekly sales/marketing reports to the President, CEO, and VP of Sales. Scope: U.S. and Canada.

Product Marketing Communications

- Determine the need for, write, design, produce, and outsource the production of all marketing collateral materials to support sales. Seek involvement and approvals (including Sloan) of others as needed. Work with sales and executive management to anticipate and meet their needs for these materials. Design, produce, and manage printing (including specifications, quality assurance, and supply chain management). Scope: GLOBAL.

Customer Support Communications

- At the direction of the VP of Customer Experience, write, design, and produce collateral material for customer and specifier support. This includes instructions, specifications, product packaging graphics, product nameplates, and information sheets. Provide source files to Sloan as needed. Production specifications, quality assurance, and supply chain management. Scope: U.S. and Canada

Web Site Management and Maintenance

- Ongoing design, updating, and management of all aspects of the Falcon Waterfree web site. Work with content owners to keep their information current. Assist international offices as needed to create and manage their web sites. Scope: GLOBAL.

Media Relations

- Proactively manage media relationships to earn favorable press coverage. Handle all media inquiries and involve others as needed. Monitor media for coverage of Falcon, customers, competition, and relevant topics. Scope: U.S. and Canada.

Product Photography

- For all marketing and product support needs. Scope: U.S. and Canada.

Corporate Identity and Graphic standards

- Logo specifications. Color specifications. Look and feel of all graphics and identity materials. Scope: GLOBAL.

Supply Chain Management

- Photographers, writers, public relations firms, printers, specialties merchandise, creative services, consultants, etc. Scope: U.S. and Canada.

Executive Management and International Sales/Marketing

- Support as needed.

Timeline and Budget

The 2011 marketing budget is \$215,600 and outlined on the following page.

Tactical timeline and budget	budget	jan	feb	mar	apr	may	jun	jul	aug	sep	oct	nov	dec
Campaigns (pg 35-36)													
Accelerating sales with telemarketing	\$10,000												
Risk/Reward	\$50,000												
Tradeshows (pg 37-39)													
BOMA	\$4,000												
GovEnergy	\$4,000												
IFMA World Workplace	\$4,000												
Greenbuild	\$11,000												
Media and Public Relations (pg 39-41)													
Marketwire Mediahub	\$3,300												
News wire service posting	\$5,200												
Specialty projects and writing	\$5,000												
Web Site (pg 41-42)													
Development and search engine optimization	\$40,000												
Sales Tools (pg 42-44)													
Continuing Education Accredited Presentation Program	\$20,000												
Construction data reports	\$15,000												
New literature (case studies and market profiles)	\$5,000												
Reprints of literature & DVDs	\$10,000												
Research	\$2,000												
Drip marketing email blasts and autoresponders (pg 44)	\$2,500												
BIM and Product Specs, 1 yr (pg 44-45)	\$15,000												
Association memberships (pg 48)	TBD												
Other marketing deliverables (pg 45-47)	\$0												
Subtotal	\$206,000												
Contingency	\$20,600												
Grand Total	\$226,600												