

The PARAGON Perspective From the President

PARAGON Perspective is sponsored by PARAGON Development

We want to use this newsletter to do the following:

- Share information we have learned that we consider important concerning best practices, trends, successes and failures, conferences, and other elements that will enable all of you to grow your organizations with maximum top and bottom line results.
- Share information about select client initiatives that may be of interest based on technologies, markets, or business needs that you believe could fit within the scope of those client's interests.
- Share personal observations and even humorous items given to us by others.

We welcome your comments on any topic and encourage you to contribute to future newsletters. The PARAGON Perspective is now in its sixth year. We thank everyone for their newsletter contributions and for the ideas and suggestions that have brought recognized improvements and made it easier for us to produce.

All issues of *The Paragon Perspective* are archived on our website so you may easily pass along past issues to colleagues.

This month's newsletter will highlight the business development topic: "**Acquisitions—Knowing What You Don't Know**".

Jack Peregrim
Pres., PARAGON Development
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Paragon Update

We are looking to achieve a record breaking 3rd quarter following our record breaking summer. We are beginning several new projects with European clients. There has been a large increase in projects involving acquisitions which is a pattern that has been increasing considerably over the past 2 quarters.

The acquisition initiatives have a wide range of scope and objectives with projects that narrowly test the potential of a single, small target in due diligence to several organizations using Paragon to help identify new platforms for acquisition. These are exclusive of several others who have not signed contracts but have us in their planning cycle to start projects in this quarter.

Paragon Network--Offer to Join

The PARAGON Network has over 40,000 experts and executives who we engage in behalf of our clients. Many of the recipients of this newsletter are not in this network and could be missing out on very dynamic opportunities to be involved with us in exciting and fulfilling projects. Some key aspects of joining our network are:

- We only need a resume, bio, or vitae to add you to our network.
- The network is proprietary to PARAGON and is never shared with anyone outside the organization. No access is given to outsiders and we keep the highest level of security in our database. We also do not share involvement of any individual without their permission.
- We never consider inviting someone from our Network to a Forum in which the client is a competitor.

If you are interested, please direct any questions or send your background information to:

Barbara Heimlich, Vice President-Research Heimlich@ParagonDevelopment.Com

Conferences

This space is reserved for announcements of conferences or events that may have value to our readers.

LES (Licensing Executives Society) Vancouver, BC October 14-17, 2007

The L.E.S. is the best conference and organization for issues well beyond licensing and I.P., including value in technology transfer and methods to value, evaluate, and commercialize technology with much broader 'take-aways'. The conference is very reasonably priced, includes many amenities in the overall program, the presentations are very informative and is always well attended to present networking opportunities and valuable.

Information and registration can be found at: <http://www.usa-canada.les.org/>

Technology Transfer/Capabilities

This section is open for clients, friends, and other newsletter recipients to spotlight technologies they have available for licensing, acquisition, development, or could be available to use. Please send a description of your technology to be posted in this section for future newsletters. Inquiries can either be sent directly to those who have posted information, or, we could forward any/all inquiries to you. This section highlights non-client project technologies.

This newsletter has a distribution of several thousand individuals who are primarily in new business development, so the audience has the potential to generate legitimate interest. We do reserve the right to withhold posting any technology closely related to ones in which we have a client conflict.

Technologies of Interest

1. The following are technologies clients have that they are attempting to commercialize/monetize:
 - An additive for natural rubber that extends the temperature environment range about 30 degrees centigrade without loss of properties or pre-mature breakdown of the rubber. E.g.: can be used in automotive under-the-hood applications up to 130 degrees centigrade.
 - A robotics initiative with a focus on healthcare applications and with a client with decades of experience and low-cost production capability. They are an overseas client looking for marketing and channel partners.
 - An anti-microbial that is non-chemical based and has superior properties and profile in areas such as medical devices.
2. New technologies of interest for license or acquisition are:
 - Technologies or products that fit an existing portfolio of specialty adsorbant chemistries and products.
 - Technologies that have clear, competitive IP in healthcare with a particular interest in wound care.

Anyone with technologies fitting the above should contact us and we will forward the responses to our clients so they can contact you directly.

Jack Peregrim @ (203) 288-4154 or peregrim@paragondevelopment.com

Quotes of the Month

"The bad news is that time flies. The good news is that you are the pilot." *Michael Altshuler*

"The distance between insanity and genius is measured only by success." *Bruce Feirstein*

"The three great essentials to achieve anything worthwhile are: first, hard work; second, stick-to-itiveness; third, common sense." *Thomas Edison*

"There is no use worrying about things over which you have no control and if you have control you can do something about them instead of worrying". *Stanley C. Allyn*

"It is a fine thing to have ability, but the ability to discover ability in others is the true test." *Elbert Hubbard*

"Property may be destroyed and money may lose its purchasing power, but character, health, knowledge, and good judgment will always be in demand under all conditions." *Roger Babson*

"It is often hard to distinguish between the hard knocks in life and those of opportunity." *Frederick Phillips*

"By persistence the snail reached the ark." *Charles Haddon Spurgeon*

"Every society honors its live conformists and its dead troublemakers." *Mignon McLaughlin*

"Great ideas need landing gear as well as wings." *C. D. Jackson*

Interesting Words

Mackle: (MAK-uhl) verb
To blur.

Resipiscent: (re-si-PIS-uhnt) Adjective
Having returned to a saner mind.

Breastsummer: (BRES-sum-uhr) Noun
A horizontal beam supporting a wall over a large opening, such as a shop window.

Interregnum: (in-tuhr-REG-nuhm) Noun
The period between the end of a reign and the beginning of the next; a time when there is no government.

Malacia: (mu-LA-shuh) Noun
1. Softening of the organ or tissue.
2. An abnormal craving for spiced food.

Acquisitions—Knowing What You Don't Know

Case Study:

A client came to us recently who had a 75 day exclusive look at a possible acquisition. The acquisition candidate is a strategic fit in that it is in a closely related but different technology base and also serves, primarily, a segment in our client's main market, although they have little exposure in this specific segment. Our client is a Fortune 100 global organization. This is an electronics based acquisition that would have a significant effect on the product line that will be responsible for making the acquisition and then integrating it into the organization.

The client has spent quite a bit on market and business research and has several reports with extensive 'numbers' on market size, shares, competitors, and trends. Our role was only expected to confirm the overall rationale, particularly since this small, specialty business came with a large premium to value.

What we found, however, was intelligence that made the client pass on the acquisition at anything close to the amount that the candidate had originally expected to receive. Several factors were identified that would not be published or reported anywhere.

1. The top 3 customers (62% of the market) were negotiating deals with a separate supplier that would have bundled our client's potential offering into large packages that would have relegated them to less than 20% potential share.
2. There was an unannounced commitment for a new source of production in China based on a new technology which should be on the market by early 2009.
3. The existing competitors were just entering a bidding war independent of our client's entry which was the real reason the owners were looking to sell. They saw it happening, but it wasn't evident or documented yet.

Lessons learned:

There were many things learned but the primary one is that "you don't know what you don't know". This particularly applies in acquisitions that are not clear bolt-on type acquisitions and the main purpose is not simply to increase share, particularly if it means expanding into new technology or market space. The traditional market research was limited to information (which they needed) but did not provide the knowledge they needed. In addition, extensive Voice-of-Customer work did not unveil what we found in our Voice-of-Market™ process because the customers recognized that it was not in their best interests to divulge anything that might discourage a major new supplier from taking over a weak smaller player.

Our client deserves credit as they have also 'systematized' their acquisition process by looking at potential candidates with outside resources and from different perspectives. They recognize that in many cases today, several people involved in the upfront process and integration will probably not be involved in the business implementation. They compensate for that by Voice-of-Market™ and other analogous processes. They know there are critical things they don't know, so they save some of their resources to get intelligence and not just volumes of data and information.

This client and others we work with in similar fashions tend to make more acquisitions that are successful even though they are not bolt-on ones. They decline a higher percentage, but having resources and a process they are confident in, allows them to look at and move on more things without having to spend extraordinary organizational resources 'fixing' things that were not comprehensively understood.

Our last piece of advice is to always, always, realize that there are more factors that can significantly impact an acquisition than anyone can understand or even identify quickly and completely. But, knowing that will force us all to a higher effort in uncovering the most impacting factors and their likely risk!

As always

We address many topics and most are at the request of readers, clients, and other business colleagues as this one was.

We hope that this perspective has stimulated thoughts and helps improve your future returns. It has been our intent to pass along things we have learned or experienced on topics involving growth and new business development. Particularly ones that may be provocative or be beyond those considered every day. We do not try to presume to be the leaders in all areas we cover and we invite others to contribute with comments, additions, or criticisms. We encourage feedback in any media and will post your contribution in a future newsletter if you allow it.

We also will continue to focus on topics that the readers choose in almost all cases over ones we consider within our staff so please continue to send requests for topics that you want to have covered.

Trivia

1. What were the original duties of the best man at a wedding?
 - A. The best man was often a tribe's best warrior in Anglo-Saxon times. The bride stood to the left of the groom so that his sword hand would be free in case anyone tried to kidnap the bride (a common occurrence). The best man would be there to defend her. The bridesmaids were dressed in a similar way to the bride as they were to act as decoys to confuse evil spirits and potential kidnappers and thus protect the bride.
2. What percentage of Africa is wilderness?
 - A. 28%
3. What percentage of North America is wilderness?
 - A. 38%
4. How much carbon is in the average human body?
 - A. Enough to make over 900 pencils.

We hope you learned something from this and/or stimulated an action that leads to new opportunities for you and your organizations.

Previous issues of our newsletters can be found at <http://www.paragondevelopment.com/perspective.html>.

Your friends at:

PARAGON Development
<http://www.paragondevelopment.com>

PARAGON Development

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Mission:

To ensure that our clients make decisions that optimizes their growth and measurable value creation. We will do this with unequalled effort and efficiency.

Background:

PARAGON employees and affiliated industry partners are dedicated to helping clients optimize their planning and development efforts. We bring a network of external industry experts who provide objective information and insight into critical areas affecting our client's success potential. In addition to our own experience base and the external access to knowledge, we utilize a decision making process that combines best practices such as Voice-of-Market™; Stage-Gate; and Discovery Based Learning. Very simply stated, we combine efficient processes with the information necessary to ensure that commitments are made with solid, objective knowledge. We allow planning and development from the 'outside in' that compliments internal efforts.

We are not industry specialists. The experts from our PARAGON Network™ provide the specific knowledge in their fields while PARAGON brings process and functional experience that generates and interprets the relevant information.

Focus:

Our client assignments are broken into three main areas:

1. Retainer agreements in which we offer discounted plan with minimum thresholds for numbers of Forums or phases. They are exemplified by clients who may write us into their R&D or new product development processes in which a PARAGON Forum is required as a part of a gate approval.
2. Evaluation and monetization of assets such as technologies, operational capacities, or new product extensions. PARAGON's support is particularly valuable when the potential is unknown but falls outside core markets or industries.
3. Support in strategic planning and strategic expansion into non-core business areas. The deliverables are typically in the form of a strategic commitment into new platforms.

Mechanics:

The steps employed are a combination of internal (client) and external events. The internal events include:

- Setting criteria for the project.
- Examining the internal knowledge base.
- Setting scope and charter issues.
- Determine specific outputs required for overall success.

External events are:

- PARAGON Forums that have 6-8 external experts who bring distinct but complementary knowledge about markets, industries, trends, competition, channels, downstream value, and function excellence that is specific to the assignment. These are typically day long events that have been referred to as "Super Focus Groups" with the client involved in the planning and then viewing the group and providing guidance and direction throughout the day. All this without the outside experts knowing whom the client is and they are thus unbiased, creative, and provide different perspectives than our client has because of their 'inside-out' viewpoints.
- Surveys and interviews with people from our PARAGON Network™ that generate very targeted information that our clients require.

We hope that you have enjoyed the issues of *The Paragon Perspective* that you have received and will let others who might find this newsletter useful know about our publication. To provide us with profile changes; or to let us know about other individual interested in receiving our newsletter; or for other information just click on this link <http://www.paragondevelopment.com/contact.html> (or copy and past this shortcut) and complete the Contact/Request for Information form (be certain to include your email address) or you may simply reply to this email and provide us with (or ask us) the information.

If you no longer wish to receive *The Paragon Perspective* please respond to this email and include the word REMOVE in the subject line or in the message.