



## Business Models Discussion Draft V4.1a



This document articulates foundation concepts and business models  
for the market development of Fresco Color.

The document is intended to stimulate discussion, and through  
an exchange of ideas, create a platform for new business plans  
that will guide the development and growth of Fresco Color.

## ▶..... CONTENTS

Summary .....	3
Served Markets .....	5
Launch Markets .....	6
Fresco Pandora Art Library and Design Engine .....	9
Vendors and Suppliers.....	10
Intellectual Property .....	10
Operating Strategy .....	11
Markets for Digital Graphics .....	13
A Complete Solution: Fresco Color Business Strategy .....	18
Target Markets .....	19
Business Launch Strategy.....	21
Go-to-Market Strategy: Architecture and Lighting .....	23
Tactical Evolution: Go-to-Market Strategy .....	26
Viral Growth: Community of Users.....	27
The Future .....	28
Associated Businesses .....	29
Community of Interest .....	29
Revenue Models.....	33
Open Social .....	36
Internet Advertising .....	37
Professional Networking and Web Media Site .....	38
Community Building Features .....	40
3D Collaborative Design.....	41
Bin List .....	42

## ▶..... SUMMARY

Fresco Color is a web media project that is hosting the emergence of digitally-decorated materials and on-line design in the architectural, interior design and product design markets. Fresco Color involves three elements:

### **1. Output: Fresco Color Imaging System**

A patented process for art quality, architectural scale, digital graphic output to thermoplastics for high-performance fabrication, heat forming and heat/fusion lamination.

### **2. Input: FrescoPandora.com**

A patent-pending and copyrighted web-based, art library and design engine that allows untrained users to select and personally configure architectural-scale, art quality, graphic files for output to formats providing floor-to-ceiling decorative elements (digitally decorated flooring, wall décor, wall paper, surfaces, counter tops, architectural panels, wainscoting, wall cladding, backlit window dressings, textiles, lighting components, ceiling panels and more.)

### **3. Community of Interest: FrescoPandora.com**

An interactive “new media” website driven by the capabilities referenced above, which leverages the professional networking of all those interested in the business ecology of the architectural, interior design and product design markets.

**FrescoColor.com** is under development. The company is capturing a series of URLs that will represent the whole project. This will be addressed later in the document.

Fresco Color, a privately held company specializing in high-performance, high-resolution, digital imaging, has developed and implemented **two powerful proprietary technologies:**

### **1. Fresco Imaging System:**

Processes, material systems, and equipment that can render images into sheets of plastic producing art-quality, high performance graphics. Fresco imaging technology infuses color into the molecular structure of the plastic, creating a graphic which can then be thermoformed, heat bent or heat laminated without degrading the image or interfering with the lamination.

### **2. Fresco Pandora Art Library and Design Engine:**

An on-line, large format (architectural scale) high-resolution, graphics design engine enabled by libraries of copyrighted color, texture and pattern files ([www.FrescoPandora.com](http://www.FrescoPandora.com)).

The Fresco graphics system and imaging process is economical even in small lots.

Fresco Color operations combine a graphics generation and imaging studio, supporting an on-line, architectural-scale graphics library and art design engine ([www.FrescoPandora.com](http://www.FrescoPandora.com)), with a plastics imaging facility and research and development center that is generating a growing portfolio of patented intellectual property.

## ▶▶▶▶ THE SERVED MARKETS:

### Decorated Thermoplastics

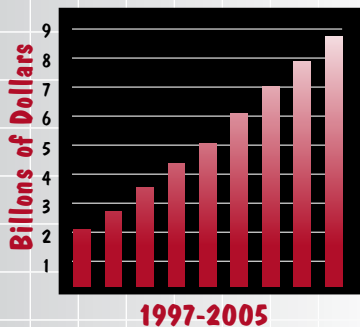
Plastic is traditionally decorated using various screen printing and off-set lithography methods. Fresco has taken customer share from traditional decorating strategies as well as grown new markets. Fresco technology has opened an emerging market that is dependent on digital graphics in plastic that can survive manufacturing processes.

Fresco Imaging technology applies to the plastics decorating and plastics forming industry. This market is estimated at \$48B in North America alone. The \$48B market opportunity can be divided into decorated products that are 1.) Flat or 2.) Formed. The TAM (Total Available Market) for flat applications is \$37B with a SAM (Served Available Market) for the Fresco products currently estimated to be \$2B. Formed application TAM is \$11B with a SAM for Fresco Products currently estimated to be over \$1B. The market for durable plastic products decorated with a digital work flow (Fresco SAM) is anticipated to grow at double digit rates for the next ten years. Fresco imaged plastics have economically replaced traditional paper-based, non-durable materials used in display, advertising and signage. Fresco will open new opportunities for digitally decorated plastics in several industries, in particular applications for decorative architectural components. Initially Fresco has been addressing only the domestic markets. However, Fresco has developed alliances with global businesses and there is a large international opportunity for additional growth.

### Graphical Design and Services

Demand for digital graphics has grown \$1B per year over the last 8 years (SGIA.org July 2006 data). Today, portions of this market growth can only be served by Fresco Imaging Technology.

**Industrial Digital Printing  
Annual Revenue**



## ▶▶▶▶ THE LAUNCH MARKETS

### Imaged Products/Services

Today, Fresco revenues are derived from services that render images into plastic sheet or rolls of plastic film. Fresco does not manufacture or form plastic. None of the environmental issues or overhead associated with plastic manufacturing and fabrication apply to the Fresco Imaging process. The Fresco product line includes a Fresco brand of color chemistry and print carriers. Fresco will expand its market penetration by entering into partnerships, joint ventures or by licensing technology to large scale plastic fabricators.



### Imaged Product Sales

A design-fabricator like [www.3-form.com](http://www.3-form.com) is a typical launch market customer. 3form is producing decorative architectural materials for commercial interior and furniture design. 3-form has signed Fresco's Intellectual Property and Joint Development Agreement as well as a term sheet for licensing Fresco technology in the decorative architectural market. Case studies are included later in this discussion.



Other Fresco Color clients include fabricators of 3D plastic product such as:

**Cal-Mil** ([www.Cal-Mil.com](http://www.Cal-Mil.com)) produces food service product lines decorated with Fresco Imaging for use in commercial hospitality where durability is paramount.



**TKL cases**, which is a small manufacturer (small business / independents). TKL markets cases – brief cases, instrument cases, gun cases, etc. on the Internet at [www.TKL.com](http://www.TKL.com) or in chain retailers like Guitar Center.



**Beta Calco** is major a player in the lighting industry and is a shareholder of FormaPlas, Fresco's top lighting customer ([www.BetaCalco.com](http://www.BetaCalco.com)).

**Hunter Douglas** bought 3form in May 2007. They are a privately held company out of Northern Europe with annual revenue of 3.5 Billion dollars . They have **160 plus divisions like 3form.**

Major accounts include **Beta-Calco**, a Canadian lighting and architectural components manufacturer; **Hunter Douglas** a huge international conglomerate and parent company to 3form; and **Identity Group**, which is a Florida-based, wholesale sign manufacturer that develops high volume advertising and display applications for the retail environment.

### **Graphical Design and Services Products**

Fresco includes a state of the art digital studio which drives revenue by developing graphic files suitable for customer applications. The Fresco Pandora Art Library and Design Engine is pioneering the online creation of architectural-scale, digital graphics of a quality suitable for permanent installation in high-end residential and commercial architectural settings. The Fresco Color digital studio is building out the library of images represented on Fresco Pandora Art Design Engine.

# FRESCO<sup>TM</sup>COLOR<sup>TM</sup>

## ► High Performance Decorated Plastics:

FrescoColor<sup>TM</sup> renders high resolution graphics into thermoplastics using a patented process. These digitally decorated plastics are used in applications ranging from architectural, interior design and lighting applications to POP, displays, tradeshow booths, food service, electronic cases, automotive aftermarket and other hard to service environments where durable graphics are required.

FrescoColor<sup>TM</sup>: High performance, digitally decorated thermoplastics.

- Large format, high resolution graphics
- High performance graphics and materials
- Superior alternative to traditional laminated paper and vinyl graphics
- Graffiti proof and chemical resistant
- UV resistant
- Flame retardant
- Waterproof and weatherable
- Abrasion resistant
- Can be thermoformed or heat bent into complex shapes
- Can be heat laminated without adhesives
- No minimums
- Affordable



Lighting



Commercial Signage



Food Service



3D POP Graphics



Automotive Aftermarket



Consumer Electronics



Glass Decoration



Museum/Exhibit Displays



Architectural Elements



Tradeshow/Exhibits



Military Spec Camouflage



Table Top Outserts

3 Justin Court • Monterey, CA 93940 • [www.FrescoColor.com](http://www.FrescoColor.com) • PHONE 831.649.0649 • FAX 831.649.0648

## ▶▶▶▶ FRESKO PANDORA ART LIBRARY AND DESIGN ENGINE:

The Fresco Pandora Design Engine is now on-line and evolving.

The engine is expected to mature through three stages (see page 30).



### Stage I - Implemented and growing

In this stage, Fresco Pandora functions primarily as a marketing tool driving business to the Fresco Color imaging system.

### Stage 2 - Under development

In this stage, Fresco Pandora drives business to licensed and approved Fresco output partners who may be using proprietary Fresco Color Imaging systems or other methods rendering images to a wide variety of substrates not suitable for Fresco Imaging – textiles, expanded PVC, etc.

For the complete  
Business Model Discussion,  
please contact [tomtsubota@me.com](mailto:tomtsubota@me.com).