



IMPROVE PERFORMANCE. OPTIMIZE PROCESSES. TRANSFORM YOUR GAME.

IMPROVE YOUR "GAME" IN 90 DAYS

By: Adam Aronson,
Chief Executive Officer



Regardless of business sector, all stakeholders strive to optimize their performance, products and profits. This pursuit drives companies forward and keeps their revenues flowing. **But until now, an area in commercial business that has remained virtually untouched is the ability to effectively and consistently measure labor performance.**

We all understand that we can't manage what we can't measure. It's also true that we cannot improve nor track what we can't readily "see." So many times the areas that will make the most significant impact on our balance sheets simply aren't clear to us. And that means we're missing revenue opportunities that are (literally) right before our eyes.

One industry that has solved this issue is professional sports. Businesses, like sports, also require a team effort. Companies, just like football teams, must maintain strong offenses (through innovation) and equally strong defenses (to remain competitive). But most critical to the game is what goes on behind the scenes: the element of strong coaching.

Coaches give clear direction because they're afforded the perspective players' lack due to manning the front lines. How do they gain this critical perspective? Through monitoring and

analyzing video data. Modern coaching techniques, from amateur to professional levels, leverage sophisticated video analytics—known in the sports sector as "game-film analysis"—to measure, assess and improve performance of the overall team and individual players.

Arrowsight has taken a play from the coach's playbook and applied it to business. Now game-film analysis—and the ability to measure all points of labor performance—is available to business operators in industries both highly skilled and highly specialized. The result? Striking savings and improvements in 90 days. Without expensive equipment or lengthy payback windows and with impact ranging 50-200 Basis Points (BPS) improvement to EBITDA.

We've even implemented "Electronic Score Boards" on the walls of customer facilities which reflect **continuous** performance for managers and workers. These LED boards are combined with a live alert system that informs district managers if **key performance indicators** are on track or off track a third of the way through each shift. So the timeliness of the data, along with the ability for all involved to see the results, improves performance.

This newsletter provides plenty more success points across many business sectors. Read on and learn how companies are improving their game now that they're seeing (and optimizing!) what they've been missing.

SCOREBOARD

Arrowsight creates striking, sustainable changes across wide-ranging industries in just 90 days. Numbers don't lie and our success speaks volumes. See for yourself.

\$1.35 MILLION

ANNUALIZED SAVINGS

Customer: Turkey plant

Application: turkey breast trimming yields

\$2 MILLION

ANNUALIZED SAVINGS

Customer: Chicken Plant

Application: cone loading and portioning productivity and yields

0% VIOLATIONS

ANIMAL WELFARE COMPLIANCE

Customer: Beef Plant

Application: monitoring animal welfare handling compliance in slaughter process

100% COMPLIANCE

TRUCK SEAL SECURITY PROTOCOLS

Customer: Meat Processor

Application: biosecurity/truck seal compliance

47% IMPROVEMENT

TO CUSTOMER SERVICE TIMES

Customer: Quick Service Restaurant

Application: video monitoring of customer service times

7.5X ROI

Customer: National Laundry Chain

Application: general store monitoring reduced sweet-hearting theft by staff (manually turning on washing machine for discount)

55% THEFT REDUCTION

Customer: National Women's Apparel Retailer

Applications: theft reductions via back doors, POS registers, bag checks

0% INFECTIONS

Customer: Surgery Center

Application: achieved 95% hand hygiene compliance rate

— MORE INSIDE →>

Quick Service Restaurant Serves Customers 50% Quicker



In an industry marked by very high turnover rates and low-wage staff, customer service times present a daunting challenge for retaining customers and improving revenues. The most pressing opportunity in the Quick Service Restaurant (QSR) market is improving "customer service times" (the amount of time customers spending waiting to place and receive orders).

“ Let’s Arrowsight it! ”

Working with a top QSR Chain producing \$2M annual revenues located in South Bronx, New York, Arrowsight implemented an interactive video-services module that provides live feedback on customer service times to in-store managers on a live basis. This was achieved through posting the current customer wait-time averages on an LED affixed to the wall in the QSR’s kitchen.

90-DAY

SUCCESS BENCHMARKS:

- **SERVICE TIMES:** The live feedback services component—coupled with daily and weekly performance reports that rank shift manager performance individually—utterly transformed customer service time results by **40-50%**.
- **SALES:** These impressive results translate into sales increases of **6-12%** and correspond to EBITDA improvements of 100-300 BPS.
- **FULL ROLLOUT:** So thrilled with the results, the customer coined a new phrase, "**LET'S ARROWSIGHT IT!**", and is expanding the program across all their QSR franchises.

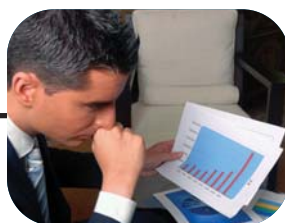
4 Steps to Increased Profit and Performance

1: Monitor



Arrowsight technology monitors employees at "critical control points" within your facility.

2: Audit



Auditors consistently view video associated with procedures, processes and events.

3: Report

Plant	Average Score
Plant Rating #1	
Plant 1	93%
Average Score	93%
Plant Rating #2	
Plant 2	77%
Average Score	77%
Total Average Compliance - 4 Plant s	85%

The audited video is summarized in formal dashboard reports and continuously delivered daily, weekly or monthly. Reports provide hyperlinks to video images examined by auditors along with top-line statistics, category summaries and breakdowns of scores.

4: Optimize



Arrowsight uses its expertise to work with management on analyzing performance, training employees and verifying improvements for the short and long terms.

BUSINESS GETS a NEW COACHING TOOL

By: **Mark Moshier**,

President, Manufacturing



Arrowsight's approach is best explained through a series of sports analogies, most notably those of football and auto racing. In football, successful coaches frequently use the power of video to improve their team's performance. In fact, studying game video is a crucial strategy that delivers significant results. Without it, any modern day coaching staff would be at a very clear competitive disadvantage.

The video review is not used to eliminate athletes, nor does it even remotely diminish the necessity or effectiveness of coaching on the field. Rather, it is used to maximize the coaching staff's knowledge of the dynamic and ever-changing variables associated with the game. And it is useful for pre-game and post-game evaluations. These evaluations can be very specific in terms of analyzing broad trends in performance as well as subtle, but extremely valuable details that can make the difference between winning and losing.

Arrowsight views the business environment in terms of a very competitive "game day" scenario. In sports there are owners, general managers, coaches, players and fans involved, each providing a different perspective but all desiring a winning team. Similarly, in business, there are stockholders, company managers, employees, distributors, retailers and consumers. Our approach generates a positive impact in the business environment by maximizing the real-time results of video since

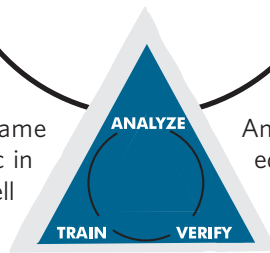
we believe the "game" is won or lost one "play" at a time. And data produced from our video monitoring services supports this belief.

Take another sports analogy from professional auto racing concerning "downtime" in business: when the race car enters the pit. The margin of victory in auto racing is measured in tenths and hundreds of seconds and the speed of pit crews is legendary. The business parallel is that even in the most modern plants, slow response times by employees when a line has gone down can have a negative impact on the bottom line. Video monitoring can help reduce downtime through benchmarking "Best Practices" and then training the staff for consistent performance.

Another key element to combating downtime is regular equipment maintenance. In racing, standards-based engine and body maintenance are the norm. Yet in business settings, the standards are not always as high. With proper analysis and coaching, however, those standards can dramatically improve.

In summary, Arrowsight is able to deliver and affect substantial, cost effective and very rapid financial impact across diverse business sectors. Our software and expertise support these "coaching staffs" to achieve a winning edge—while interfacing with tools already in place at customer organizations. The result? With Arrowsight companies enjoy a competitive advantage every "Game Day."

Through powerful analytics and video data, management receives increased clarity and awareness enabling them to:



Food Processing Plant Saves \$2 Million



Arrowsight has enjoyed success facilitating excellent ROI for many Food Manufacturing plants. This particular state-of-the-art meat processing facility in the southeastern U.S. employs over 500 workers and processes approximately 2.1 million birds per week. We partnered with the client to secure a 10:1 ROI rate on an annualized basis. The video-monitoring applications focused on throughputs, yields, quality control, employee welfare, security and labor optimization.

We designed and project managed the correct hardware and software applications that supported the ROI strategy for both the short-term and long-term flexible needs of the business. Savings and improvements were gained through the following execution phases:

- Benchmark and **analyze** process, quality and labor variances.
- Develop **corrective actions** to reduce variance in all target areas.
- Leverage Remote Video Auditing (RVA) to **verify** corrective actions were consistently executed.
- Provide daily reports and analytics for management to enhance their **training** and retention programs.

“ ROI for the short and long terms. ”

90-DAY SUCCESS BENCHMARKS:

- **SAVINGS:** \$2 million dollars of savings were principally driven on throughput gains, yield gains and reduced direct labor costs per pound.
- **SERVICE ROLLOUT:** Based on the success of the first facility, the company is now expanding the Arrowsight service to all of their remaining facilities over the next 6 months.

DR. JAMES MARSDEN,

Regent's Distinguished Professor, Kansas State University

Perspective on Food Safety

Q: In what ways, and to meet which specific goals, is your institution using video monitoring?

A: We have RVA (Remote Video Auditing) installed in two different laboratories at Kansas State University: in one lab we do microbiological testing and in the other, which is a process laboratory, we have food processing equipment. It's a unique environment where we can do biological testing as well as test for pathogens and microorganisms, so we use RVA for two completely different applications.

In the first lab, we use video monitoring to ensure only authorized persons are accessing the facility so the storage of microorganisms are safe from exposure to hazardous materials and free of outside tampering. In the second lab we test food safety technologies. In real life, food becomes contaminated and people get sick, so we intentionally contaminate foods in order to test the technologies that detect risk. Here we use RVA to ensure food safety practices and processes are always being followed.

Q: What significant points of success have you witnessed from the use of video monitoring systems?

A: First, our microlab is absolutely secure. We meet or exceed all public safety standards, including critical reviews from internal resources and external groups like the FDA. This is essential as we're being considered for a huge program on animal disease research and already one school has been disqualified due to a procedural breach. We must use state-of-the-art technologies for securing our facilities—and our security is 100% due to using Arrowsight's technology.

Second, even though we're not really processing in our plant, we are evaluating systems for the plants that are. Through video monitoring we ensure that practices and processes are always implemented and always followed.

Q: How do you see video monitoring advancing the food safety industry over the next 5 years?

A: There will be a lot more emphasis on the security of food and water plants from interventions—be they natural disasters, negligent acts or sabotage. We know how to produce safe food but the processes have not been universally adopted nor are they practiced 100% of the time. So a standardization of food safety technologies across all plants will need to be universally applied and video monitoring systems will be a core part of implementing and complying with those standards.



“ You don't ensure food safety through one step, but through several... and monitoring those steps to ensure they're always applied. ”

~ Dr. James Marsden, Kansas State University

Insert

See **bonus insert** inside to learn more perspectives from experts in the healthcare and animal welfare industries.

ABOUT ARROWSIGHT

A Web-based Application Services Provider, Arrowsight is the leading developer of remote viewing services and software across wide-ranging industry sectors. **The company's tools, technology and expertise continue to deliver on the promise of striking, sustainable improvements within 90 days.**

Arrowsight has improved practices, compliance and employee morale in such safety-sensitive industries as food processing, food services, healthcare and manufacturing. The company's technology is being used at leading companies including Plumrose USA, Limited Brands and leading McDonald's franchisees.

For more information please visit: www.arrowsight.com or contact Adam Aronson directly at adam.aronson@arrowsight.com

Bonus **IMPACT** Insert

DR. TEMPLE GRANDIN,

PROFESSOR OF ANIMAL SCIENCE, COLORADO STATE UNIVERSITY

Perspective on Animal Welfare

Well known advocate and best-selling author Dr. Temple Grandin has literally written the book on best practices in animal welfare and handling. In addition to structuring many programs for meat processing plants she advocates video monitoring as an auditing standard for the entire sector.

Q: In what ways, and to meet which specific goals, are plants using video monitoring?

A: *One of the important aspects of animal welfare is how animals are handled...if we don't measure practices then they tend to get rough again. Many plants have been measuring handling through an auditor with a clipboard, but that's just a snapshot in time. With "always-on" video monitoring the work of animal handlers improves. Further, they maintain compliance because they're always being managed.*

Q: What significant points of success have you witnessed from organizations using the technology?

A: *When handled right, it's amazing how humane these practices are. If you just use a video camera in a plant manager's office and it's only looked at occasionally, then we can't expect improvement. The same goes for temporary on-site auditors. But with ongoing video monitoring, good behavior change goes from a "snapshot" in time to the norm.*

Q: How do you see video monitoring advancing the over the next 5 years?

A: *The industry needs to get over hiding behind the chain-link fence. What are they worried about? These are meat processing plants, not top-secret missions. So processes need to become transparent. The public only has access to videos of what's going wrong...rather than what's going right. Video monitoring will make the industry less mysterious and prove how compliant and humane these practices really are.*

NEW FRONTIERS: PRIVATE EQUITY'S NEXT WAVE OF INNOVATION

By: Adam Aronson,
Chief Executive Officer

Never before have so many large companies been directly controlled by private equity firms. This phenomenon represents an incredible consolidation of control by, essentially, a very small number of finance executives.

Since our founding, Arrowsight has focused on delivering productive uses of video technology for improving employee performance, plant processes and product safety. Our Remote Video Auditing Service and methodology deliver measurable improvements in diverse industries ranging from food processing to laundry services to manufacturing.

I see the next wave of innovation involving the delivery of our services to private equity firms looking for ways to extract costs and value from their portfolio companies. Arrowsight is now working with these firms on delivering a cost effective, rapid and measurable financial impact across their portfolio.

“ Arrowsight's proven ability to bring 50-200 BPS of EBITDA improvement holds tremendous potential to become the next big wave of innovation within the private equity sector. ”

DR. MEGHAN DIERKS,

ASSISTANT PROFESSOR, HARVARD MEDICAL SCHOOL

Perspective on Healthcare: Video Monitoring Saves Lives

In structuring the HVA (Hospital Video Auditing) program at a major surgery center in the southeast United States, Dr. Meghan Dierks has witnessed compliance scores soar from 35% to 90+% and stay there. HVA provides ongoing auditing and video-based assessments to help increase compliance, decrease medical errors and reduce risk.

Q: In what ways, and to meet which specific goals, is the healthcare facility using HVA?

A: We applied the technology to tackle a refractory problem in the healthcare compliance arena—the very basic safety protocol revolving around hand hygiene and getting physicians to modify their safety behavior.

We had two goals, both of which were achieved through the use of HVA. First, we needed to be able to collect highly reliable data over a sustained period of time on hand hygiene behaviors — something that has been difficult to achieve using other strategies. Second, in order to achieve a behavioral change, we needed to be able to use this data to provide continuous performance feedback to the healthcare workers practicing in that environment.

— Next Wave of Innovation (continued) —

This new focus has been driven by the tightening of credit markets. Sophisticated financial firms can no longer count on favorable low-rate financing conditions to be the main driver in acquiring companies.

Arrowsight's proven ability to bring 50-150 BPS of EBITDA improvement to a company's bottom line represents the next big area of opportunity for the private equity sector. Our services enhance data acquired at the due diligence stage, support operational consulting as a company is being acquired, and continue after the acquisition to facilitate ongoing returns.

Moreover, in addition to financial gains, the ability to create value through the use of untapped, unstructured data—in the form of labor performance—will enable large private equity firms to reap significant financial rewards by aggregating and rolling up smaller companies.

Q: What significant points of success and improvements have you witnessed from the surgery center using the technology?

A: Prior published studies have demonstrated that other efforts and interventions—such as employing human observers or posting educational signage—achieve short term, but non-sustainable improvements in compliance. HVA is a highly reliable data-collection technique that enabled us to continuously measure performance over a long period of time in the surgery center, and document positive movement toward an established goal.

We are now reaching our sixth month of continuous measurement and feedback. Using HVA, we identified a relatively low baseline compliance rate of 38%. We provided weekly feedback, and over the next several weeks, saw dramatic improvements in compliance. At week four, the healthcare workers had reached 90% compliance. This relatively high compliance rate has now been sustained in the 88-98% range for six months. While the fact that we achieved 98% compliance within four weeks is remarkable, equally striking is the sustainability of the behavior change.

Read the rest of our newsletter to learn how Arrowsight can improve your "game" in 90 days!

Q: How do you see HVA advancing healthcare and patient safety over the next 5 years?

A: HVA had a dramatic impact on performance around a very fundamental public health and patient safety issue of hand hygiene. If the use of HVA can be extended to a wide range of healthcare facilities, we potentially will see a significant reduction in hospital-acquired infections. Since hospital acquired infections account for some of the preventable healthcare-related deaths, then HVA has the potential to save lives.

We have already identified a number of other high-risk healthcare processes that can be monitored using HVA. I think with further implementations we're going to realize that no institution can be without this technology. Because it is so effective, it almost seems irresponsible not to employ these techniques to solve this persistent safety issue.

“ While the fact that we achieved 98% compliance within four weeks is remarkable, equally striking is the sustainability of the behavior change. ”

— Meghan Dierks, M.D