

SERVICE INNOVATIONS, INC.

Old Fashioned Service in Innovative Ways

Backgrounder for Exports

OUR BACKGROUND

Service Innovations, Inc. works in **committed, long-term business relationships** with well managed, high quality, and customer-centric suppliers and well run, well financed, service-oriented distributors throughout our territory. **Our focus is on the in-county support** of a balanced portfolio of premium products exported **into Asia, the Caribbean, Mexico, Central America, and South America**. At this time, we are servicing thirty-five distributors in twenty-five countries, with twenty-five suppliers. Our current market plan calls for continued aggressive expansion of sales in our territory and very select addition to our portfolio.

THE MARKET

Service Innovations, Inc. continually conducts thorough analyses of the markets in our territory via frequent visits throughout each region. The markets are comprised of two primary segments. The first segment is general retail which is largely price driven and uninterested in imported products. Simply put, a taste for such high-end products has not been developed by the average citizen compared to their other low-priced options.

The second segment is the business and tourist sectors, including restaurants, hotels, and premium resorts. This is a very robust and rapidly growing market segment with greater price elasticity. This market is made up primarily of affluent nationals and tourists/expatriates from the United States, Canada, Western European and Asian Pacific countries. The market demand offers substantial potential which, until we began servicing this market, was largely unmet. The economies in this region shift frequently and require close observation. With our market penetration in the Caribbean and North, Central, & South America, we are uniquely positioned to facilitate placement and brand building in this market.

THE COMPETITION

The primary direct competition comes from inexpensive domestic and some limited international sources with inconsistent supply and quality. These are predominately targeted at the general retail market segment, but are also marketed to the business/tourist segment as well. There is increasing interest by progressive companies who are beginning to make the necessary concerted effort to export to this region. However, there is not evidence of sufficient **commitment to market research and resident sales representation** to guide their products to market, nor the proactive management of the brands and key constituents in the markets.

THE SALES SUPPORT SERVICES

As the dedicated agent for our suppliers and the distributors in our territory, Service Innovations, Inc. serves as the catalyst to develop and continue to grow this quality-based sales solution. We research & select the target products, facilitate registration & labeling requirements and effortless transportation, support sales distribution in-country, and aggressively showcase the complete line of products to develop and expand the market.

The distributor is responsible to manage and grow the sales to their customer accounts through their marketing and responsive customer service. However, **Service Innovations, Inc. facilitates ongoing training, communications, promotions, and other support to the distributor in-country** to help maximize and continually grow product sales. Service Innovations, Inc. continually works on the business/tourist market to grow sales by **facilitating advertising, contacting new prospects, and training the distributor's and their customers' sales staffs** to create a point-of-sale pull for our products.

THE SUPPLY

Our products are chosen based on their renown for quality and affordability from those suppliers believed to have the quality-based, financially sound leadership to provide a secure and responsive supply of products. Our primary goal is **consistent high quality, excellent value, and guaranteed supply** (on either an allocated or constant-supply basis). Additionally, samples and other sales tools and POS materials are often provided by the suppliers to help our distributors introduce their products to prospective accounts and customers.

Service Innovations, Inc. is currently the exclusive representative throughout the Caribbean and Latin America for the following wine brands: Bargetto Winery, Beam Wine Estates (Buena Vista and Haywood brands), Chateau Montelena, Cuvaision Winery, The Donum Estate, Duckhorn Wine Company, Duck Pond Cellars, Far Niente/Dolce/Nickel & Nickel, Groth Vineyards, Mayacamas Vineyards, Niebaum-Coppola Wine Estate, Raymond Vineyard & Cellar, Robert Sinskey Vineyards, Robert Stemmler Winery, Rosenblum Cellars, Rustridge Vineyards, SakeOne, Silver Oak, Chateau Ste. Michelle*, Columbia Crest*, Domaine Ste. Michelle sparkling wines*, Graham Beck*, Grgich Hills Cellar*, J. Lohr Winery*, Jordan Vineyard*, Rombauer Vineyards*, Senorio de Nava* and Vine Cliff*.

(*not available in all locations).

THE DISTRIBUTION

Our distributors' role is critical. They are responsible for purchasing the products from the suppliers and managing the cost of transport, customs and other processing fees, warehousing the products and distributing them throughout their country. They maintain the licenses and permits to import and sell in their country. They also share the marketing and promotional role with Service Innovations, Inc.

In return, **our distributors are uniquely positioned as the significant wholesaler in their market of these premium brands**. We work only with well managed, well financed, and service oriented distributors, known for their integrity, and with an emphasis on proper placement of our products and continually growing sales throughout their market.

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The Service Innovations Company was established in 1992. In the ensuing years it has been involved in U.S. domestic wholesale and retail, and in founding a tax-exempt fund to support charitable causes.

A wine export division of the company was established in 1995 to fill an unserved market niche identified for premium wines in Caribbean and Latin American countries, with the long-term goal of providing these and other high-quality products and services worldwide. This initiative was anchored by Scott Irby and Patrick Burke. Support staff in the U.S. and throughout the territory assure prompt service and delivery to customers and partners. Effective 5 July 2006, this division was spun off to create Service Innovations, Inc. to better serve our suppliers and distributors & their accounts.

Mr. Irby has thirty years of business management experience. He earned his MBA from the University of California, Berkeley and his BA in Business Management from Humboldt State University. He also completed the UC Berkeley Marketing for Service Organizations Program. Mr. Irby provides the strategic guidance and funding for this venture and the coordination with the suppliers for consistent product supply and efficient export operations.

Mr. Burke has twenty-five years experience in production & service management and sales. For more than fifteen years Mr. Burke has lived abroad working in international sales and operations. He earned bachelor degrees in both Political Science and Broadcast Communications & Marketing from San Francisco State University. Mr. Burke travels constantly throughout our territory to oversee import operations, distribution support, and marketing & sales. His efforts are augmented by other strategically placed company representatives throughout our territory to assure prompt and efficient support of sales in the territory.

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