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Change Your Company's Trajectory

ZeusThink:

An A+ team of operationally-oriented advisory companies

- Changes the trajectory of a company's earnings and growth while reducing risk.
 - Increase earnings 25+%,
 - Achieve 90+% accuracy in predicting economic and business outcomes,
 - Proprietary IP to change a company's competitive position.
- Client companies include Accenture, BAE, Blackstone, Dish, Gap, Hasbro, KKR, Humana, Panasonic, US and foreign governments.

ZeusThink: A Custom Designed Strategy to Win: The Process

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We work with the CEO and his/her team to:

- ▶ Guide the process and integrate the deliverables of the respective advisors.
- ▶ Develop a strategy to leverage the new competitive advantages of the company.
- ▶ Design the optimal capital structure and raise the required capital, if necessary.
- ▶ Compensation: Cash and predominantly equity to assure alignment.

ZeusThink: A Custom Designed Strategy to Win: Sequencing

In our experience, these first two initiatives (Team A and Team B) have the maximum positive impact and lay the foundation for subsequent significant improvements in value.

ZeusThink: A Custom Designed Strategy to Win: Leadership

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- ▶ **Leadership:** Team A: The World's Premier Executive Coaching Organization
 - ▶ Every elite athlete has a coach to gain a competitive edge, so should every CEO to significantly improve performance.
 - ▶ Every CEO needs someone he/she can confide in whose sole allegiance is to the CEO. By definition that individual isn't the Chairman of the Board or his/her PE/VC executive superior, since their duty is to the investors.
 - ▶ Research shows that "when higher status individuals self-disclosed a weakness, it led to lower influence . . .and less desire for a future relationship . . .by attenuating the status of the discloser."
 - ▶ Team A's Founder: one of the world's leading business thinkers and acknowledged as "the world's best executive coach". We've known him for 25+ years.
 - ▶ A formal community of the world's premier leadership thinkers who share ideas and inspiration with one another.

ZeusThink: A Custom Designed Strategy to Win: Leadership (cont.)

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- ▶ Approach:
 - ▶ Team A has a curated group of the world's top coaches, available only by "word of mouth".
 - ▶ Team A selects three coaches as candidates for the CEO to review and to select one.
 - ▶ The coach chosen works with the CEO (or other C-suite executive) for approximately an hour each week for one year or longer if desired.
 - ▶ Team A recently introduced one executive to four candidate coaches. He was so impressed that he wished to work with each coach in sequence.
 - ▶ **ZeusThink** drives change. The CEO needs an experienced professional he/she trusts to how to implement these changes.

ZeusThink: A Custom Designed Strategy to Win: Operations

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- ▶ **Operations:** Team B: Consistently improves EBIT 25% +
 - ▶ Most of this improvement is achieved by combining and editing the insights and ideas of that company's employees.
 - ▶ Team B provides confidentiality, so employees can be candid with their observations.
 - ▶ Team B only has senior people with operating experience.
 - ▶ 50+% of the compensation is contingent on successful implementation where Team B is directly involved with the line managers.
 - ▶ • Earnings gains achieved each year as a % of the stated goal:
 - ▶ + 25% in year 1
 - ▶ + 75% in year 2
 - ▶ + 100% in year 3
 - ▶ Selected clients: KKR, Blackstone, Humana, Panasonic
 - ▶ Case studies: Summarized in the Appendix of the downloadable PDF.

ZeusThink: A Custom Designed Strategy to Win:

NEXT STEPS

- The sequencing and timing of the next steps are custom tailored to each company's circumstances.
- Some may be performed in parallel while others are best approached sequentially.

ZeusThink: A Custom Designed Strategy to Win: Indirect Procurement

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- ▶ **Indirect Procurement:** Team C: Outsources indirect procurement to increase PBT by 2 to 4 points.
- ▶ Indirect procurement purchases can amount to 20%+ of a company's revenues.
- ▶ Team C is risk-free:
 - Estimate of the savings is provided at no charge.
 - Fixed price contracts with decrements if targeted savings aren't achieved and increments if the targets are exceeded.
 - No markup. Client receives all invoices and is the contracting party.
- ▶ Improved flexibility: Can access supplementary suppliers on a preferred basis if needed.
- ▶ **Selected clients:** Dish, Gap, Hasbro, Ocean Spray, Prudential, Rite Aid, Titleist

ZeusThink: A Custom Designed Strategy to Win: Intellectual Property

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▶ Intellectual Property: Team D:

- ▶ Designs patent portfolios from a top-down perspective to identify emerging and converging market categories the control of which can be obtained through a strategic patent portfolio. (e.g., the [Industrial Internet of Things](#))
- ▶ Because Team D isn't competitive with any company:
 - ▶ Industry thought leaders are willing to engage on key innovation advancements and business trends as well as potential ecosystem advantages and impediments; and
 - ▶ Team D is not limited by a particular company or service offering perspective, and therefore is free to consider the entire market category
- ▶ Creative people prefer to work for a smaller, less structured firm, so Team D obtains the “best talent” who are able to consider multiple perspectives on the targeted ecosystems and their current and likely future participants

ZeusThink: A Custom Designed Strategy to Win: Intellectual Property (cont.)

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- ▶ Team D can:
 - ▶ Expand a company's existing patent portfolio to enhance its competitive advantage,
 - ▶ Extend a company's existing patents to cover additional emerging and converging market categories, as well as generate incremental revenue, or
 - ▶ License/sell Team D's proprietary IP to the client, potentially providing the client with a controlling IP position in an important area(s) of technology.

ZeusThink: A Custom Designed Strategy to Win: Risk Reduction

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- ▶ **Risk Reduction:** Team E: 90+% accurate in predicting business results as per verification by the US Government
 - ▶ Applications: M&A, Negotiations, Contracts, Due Diligence, Regulatory Risk, Business Process Engineering, Marketshare Analytics
 - ▶ Founded in 2012 with over 3000 engagements. We've known the chairman for 25+ years.
 - ▶ Employs proprietary AI and economic models
 - ▶ Used by the State Department in every significant negotiation
 - ▶ Its software is so powerful that only the declassified version can be used in civilian engagements
 - ▶ Selected clients: Accenture, BAE, De Beers, Raytheon, US and foreign governments

ZeusThink: A Custom Designed Strategy to Win: Risk Reduction

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- ▶ Team F: Negotiation strategy and execution: the premier firm
 - ▶ Negotiation professionals who are the recognized leaders in this discipline
 - ▶ The outcomes of these situations are too important to be led by executives who don't do this full-time
 - ▶ Key axiom: The principal should “never be in the room”
 - ▶ Avoids the principal being “put on the spot” as in “so do we have a deal”? since agents can't commit, which provides time to evaluate and to consider potential alternatives
 - ▶ Permits differing strategies such as “good cop/bad cop”
 - ▶ Allows for disavowal of an aggressive strategy: Principal: “I never authorized that approach”
 - ▶ Lets any residual friction attach to the negotiator and not the principal or to the company

ZeusThink: A Custom Designed Strategy to Win:

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- ▶ **Innovation:** Team G: The World's Leading Experts in Design Thinking
 - ▶ Design Thinking: a human-centered approach to innovation that draws from the designer's toolkit to integrate the needs of people, the possibilities of technology, and the requirements for business success.
 - ▶ The optimal solutions frequently aren't obvious and often aren't the most expensive.
 - ▶ The company's executives learn collaborative, multi-disciplinary approaches to achieve high-impact, breakthrough solutions resulting from the synergies of diverse experiences, competencies and perspectives.
 - ▶ Advance the practice of human-centered design.
 - ▶ Be at the leading edge of creating change through design of products and programs.
 - ▶ Team G guides the company on how to leverage a multi-disciplinary team with diverse perspectives to achieve unique, high-impact solutions.

ZeusThink: A Custom Designed Strategy to Win:

Design Thinking Needs to Consider: I : The Metaverse

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- ▶ The Metaverse: a virtual-reality space in which users can interact with a computer-generated environment and other users.
 - ▶ In ten years, it could be \$4 trillion to \$5 trillion, which is roughly the size of Japan's economy, the third largest in the world.
 - ▶ For context, the road to net zero will require \$3.5 trillion in annual spending and that the ongoing shift to the cloud holds an opportunity for an additional \$3 trillion.
 - ▶ Four leading use cases:
 - ▶ Brand marketing and consumer engagement. The next wave of opportunities, including gamification, virtual reality (VR), and augmented reality (AR).
 - ▶ Amazon has added AR features to its apps, letting customers see what a product looks like in their own homes.
 - ▶ Digital twins. In the metaverse, every asset, process, or person within and related to an enterprise can be replicated virtually—and connected. As a result, nearly every aspect of work can take place digitally before it does so physically. far richer analyses can be generated to enable improved decision making.
 - ▶ AB InBev built a digital twin of its supply chain and manufacturing; the tool allows adjustments to the brewing process based on active conditions and helps avoid production bottlenecks.
 - ▶ Training:
 - ▶ Bank of America has launched an immersive training program using VR for every financial center in its network, teaching bankers how to strengthen relationships with clients, navigate difficult conversations, and practice empathy.
 - ▶ Walmart plans to use VR to train associates in three main areas: new technology, soft skills like empathy and customer service, and compliance.
 - ▶ Entertainment: games, concerts, music, events, travel experiences

ZeusThink: A Custom Designed Strategy to Win:

Design Thinking Needs to Consider: Element II: The Permissionless Corporation

- ▶ Uses digital technologies to unleash the creative and collaborative potential of people rather than trapping them in endless reporting and coordination loops.
- ▶ Its structure has far fewer hierarchical layers.
 - ▶ One layer is likely to be customer facing, where teams work with customers and clients.
 - ▶ A second strategic layer, in which teams determine how strategy, budgeting, project governance, and incentives are aligned.
 - ▶ A third likely to be an operational layer that manages offerings.
 - ▶ Fourth, there will be a layer that coordinates among the project teams.
- ▶ Requires a complete rethink of how people should work, giving careful consideration to how and where digital technologies can be leveraged to make it easier for the people closest to the customer to add value.

ZeusThink: A Custom Designed Strategy to Win:

Design Thinking Needs to Consider: Element II: The Permissionless Corporation (cont.)

- ▶ In a permissionless organization, teams are given guardrails rather than forced to work their way through tollgates. Approvals are part of the process; they don't stop the process.
 - ▶ Teams use self-service capabilities built by support teams and avoid having to wait to become a priority.
- ▶ Teams can tap into narrow expertise they don't possess, in areas such as compliance and security.
 - ▶ No need to go back and forth with other units because every unit has the skills and authority it needs to make decisions for itself.
- ▶ Asynchronous operation: move from email and instant messaging to task boards that are updated in real time.
- ▶ A flattened organization: People who can't let go of their command-and-control tendencies aren't effective facilitators.
- ▶ Fast, inexpensive experimentation takes over from slow, involved analysis, enabling organizations to pounce on opportunities as they arise.
- ▶ **Companies with three or four layers, faster problem-solving, and a permissionless mindset will outcompete traditional players with 10 layers and slow decision-making processes.**

ZeusThink: A Custom Designed Strategy to Win: War Gaming

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- ▶ **War Gaming:** Team H: Applying War Gaming to Test Design Thinking Hypotheses
 - ▶ **Team H:** Senior US Navy officers (ret.) who have used war gaming as a management tool throughout their careers for logistics, supply chain, battle plans etc.
 - ▶ A wargame is a role-played simulation of a business situation
 - ▶ Usually, one that involves a set of teams representing a period of time or a phase in a plan.
 - ▶ Reflecting reality, all teams act concurrently, each without all the information it would like to have about what its competitors are currently planning or doing, or exactly what is going on among the uncontrollable factors.
 - ▶ Only after a round has been completed does each team learn the effects of its decisions and actions when they are melded with those of all the other elements represented in the wargame.
 - ▶ Simulating a market or customer, a set of competitors, and a series of other uncontrollable factors or entities.
 - ▶ An iterative process: It involves a series of rounds representing a specific challenge or situation

ZeusThink: Wargaming Is Essential

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Comprehensive

- All elements of business and competition are in play
- Forces thinking across tactical, operational & strategic levels
- Breaks down organizational barriers: *if 1 fails, all fail*

Inclusive

- Forces cooperative participation by all parts of the organization
- Empowers contribution by lower levels

Wargaming does not predict the future: it identifies potential futures

ZeusThink: Summary

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- ▶ **ZeusThink:** significant gains in:
 - ▶ Profitability
 - ▶ Leadership
 - ▶ Innovation and Creativity
 - ▶ Intellectual Property Assets
 - ▶ Risk Reduction
- ▶ These result in increased earnings and accelerated growth to drive greater valuation

How to Access ZeusThink

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- ▶ Contact: Jeff Balash
 - ▶ +1 310 486 6550
 - ▶ jeffrey.balash@comstockinvestors.com
- ▶ [Jeff's Professional Background](#)
- ▶ [Endorsements of Executives Jeff's Worked With](#)
- ▶ [Examples of Jeff's Approach to Solving Problems](#)
- ▶ [Jeff Discussing Boards of Directors](#)

Team B: Case Studies

APPENDIX

Case I: Home Healthcare Business

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- ▶ Situation
 - ▶ Industry leader taken private by PE firm
 - ▶ Significant price compression through Government reimbursement cuts
 - ▶ Difficult to grow EBIT with market conditions
- ▶ Outcome
 - ▶ Improved operating income by \$40 MM in \$1+ Bn revenue business
- ▶ Sources of Improvement
 - ▶ Implemented 100+ tactical cost reduction and margin ideas
 - ▶ Reduced inventory spend & procurement spend across 10+ categories
 - ▶ Cut low ROI technology projects
 - ▶ Reduced service level FTEs by streamlining branch processes

Case II: Global Financial Services

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- ▶ Situation
 - ▶ Pressure on assets and earnings after GEC
 - ▶ Increased regulatory, legal and risk scrutiny
 - ▶ Duplicative operations
- ▶ Outcome
 - ▶ \$8 Bn annual gain to earnings in 3 years for \$100 Bn revenue business
 - ▶ 140% increase in stock price
 - ▶ 12% reduction in branches with 10% increase in deposits
- ▶ Sources of Improvement
 - ▶ Major processes redesigned through simplification & automation
 - ▶ Outsourcing
 - ▶ Activity consolidation and staff optimization
 - ▶ Revenue leakage addressed

Case III: B2B Technology Company

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- ▶ Situation:
 - ▶ Rapid sales decline by 50% in 5 years to \$850 MM
 - ▶ From very profitable to significant losses
 - ▶ Consistently missing budget forecasts
- ▶ Outcome:
 - ▶ Profitable within 8 months with sales increasing to \$1.1 Bn in 3 years: 9% CAG
 - ▶ Went from worst performing of 10 divisions to best performing
 - ▶ Eliminated fewer than 20 positions
- ▶ Sources of Improvement
 - ▶ Dramatic reduction in SKUs
 - ▶ Systematically reduced vendor spend on trade shows, shipping, travel
 - ▶ Exited unprofitable business segments
 - ▶ Found & enabled collection of > \$3MM/year in unbilled fees

Case IV: Global Business Unit of \$70Bn Japanese Multinational

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- ▶ Situation:
 - ▶ Long history as #1 manufacturer and innovator in inflight entertainment
 - ▶ Diversification efforts failed
 - ▶ Focused on product sales, but giving away services for free
 - ▶ Competition and new technologies eroding margins and sales
- ▶ Outcome
 - ▶ 200 cost reduction & revenue initiatives to increase operating income 40+%
 - ▶ 25% of profit improvement from near-term sales growth
- ▶ Sources of Improvement
 - ▶ Developed near-term offerings for large untapped customer segments
 - ▶ Reduced procurement spend with existing suppliers while maintaining or improving quality
 - ▶ Relocation of selected manufacturing to lower cost countries

Case V: Integrated Financial Corporation

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- ▶ Situation:
 - ▶ Strategically shifting business from interest-driven to fee-driven business model
 - ▶ Selling retail banking and other operations
- ▶ Outcome
 - ▶ \$300 million earnings increase for \$5 Bn business
 - ▶ Net 223 job reductions out of 27,000 employees
 - ▶ Redeployment of people and capital to invest in fee-based businesses
- ▶ Sources of Improvement
 - ▶ Consolidated organization in old business lines
 - ▶ Standardized processes across call centers
 - ▶ Tiered clients to match service with profitability
 - ▶ Restructured incentives to match value
 - ▶ Revamped IT project delivery
 - ▶ Automated statements for electronic distribution