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THE BIRTH OF A NEW BICYCLE MANUFACTURER

The DNA of a company is often rooted in its early stages of life. Events, relationships and decisions shape the evolving business strategies but the initial vision often remains relatively unchanged throughout the firm's development. The following time-line provides insights into a series of events that led to the birth of Vitess and the engineering, industrialization and market launch of the Vitess carbon bikes and wheels.

Need for Speed**1990's**

- Julien Papon grows a passion for speed: fast cars, bikes and bicycles – the number of wheels does not matter as much as the feeling of speed. From go-kart racing to up-sizing his bike's engine and fine-tuning its gearbox, to relentlessly upgrading his MTB's components and improving its settings for the specific terrain of his Auvergne region's volcanic trails: it is all about going faster. He semi-competitively races MTB in Auvergne (France) and he is an avid road cyclist. He absolutely loves ascending ... and even more so, descending the trail of the *Puy-de-Dôme*, the symbol of his region (any water-lover will know Volvic-branded bottled water – this is the volcano on its label) and also one the most famous *étapes* of the Tour de France, a generation of riders ago,

The Automotive Years**1999 - 2006**

- Graduation from Ecole Nationale d'Ingenieurs de St-Etienne (M.Sc. mechanical and structural engineering) and Ecole Centrale Paris (M.Sc. in management of industrial systems),
- Goes through the Professional Engineer certification process and gets accreditation as per Canadian regulation,
- Spends 7 years at a large Automotive Supplier and ends up heading the manufacturing engineering operations for NAFTA:
 - \$100M+ in capital investments,
 - Leads a team of engineers located throughout Canada, US and Europe, innovating in advanced manufacturing process (laser welding, high-speed stamping, precision molding ...), product engineering and program launch,
 - Starts-up manufacturing plants for Honda/Acura, Chrysler, GM, BMW, Ford, Audi and many other car companies,

Building blocks**2007 – Mid 2008**

- Graduation from Kellogg School of Management and Schulich Business School (MBA),
- Runs an industrial equipment engineering and manufacturing firm,
- Advisory and deal sourcing for Foreign Direct Investment and Private Equity firms,



Prelude

June-September 2008

- Development of branding and distribution plan for a premium brand of carbon road bikes in Canada and US,
- In-depth market research and competitive analysis (marketing, distribution channels, engineering capabilities, customer service delivery, potential market positioning...).
- The project is not pursued because of supply issues. The lessons learnt and conclusions are great: a major market is underserved but it will take a different type of bike manufacturer to succeed: one that is built and run like a premium car company. Starting from scratch with game-changing rules and an innovative approach to market is the way that is chosen.

Research

October-Feb 2008

- The project is rebuilt around the concept of a stand-alone company with full control over engineering, strategic partnerships, branding and market development.
- Analysis of industrial strategy with a team of advisors and “make or buy” decision for carbon fiber processing → Outcome: strategic outsourcing for frame carbon processing, (See Vitess White Papers 5.0 and 6.0 for more info)
- Analysis of carbon processing options and preliminary mock-up with tool & die specialist Norbert Papillon; a French expert in the design, build and validation of tooling for the automotive and aerospace industries, with a specific know-how in composite material processing. → Outcome: Hand Wrapped Technology is preferred, (see Vitess White Paper 6.0 for more info)
- Analysis of carbon fiber raw material and pre-selection of supply sources with material specialist Florent Girard; a PhD in material engineering turned entrepreneur and founder of a leading polymer and composite material engineering and trading firm → Outcome: mix of Toray/Mitsubishi HM and VHM carbon fiber is preferred, (See Vitess White Paper 5.0 for more info)
- Initial product engineering for the frame-set based on market research data and engineering & manufacturing choices,
- Review and short-listing of carbon processing sourcing options: discussions engaged with 35 Taiwanese and Chinese companies (including Giant, Merida, Ideal, Martec, TopKey, Karbona, ADK, EVO, X-Pace, Gigantex, etc...); based on our needs, only 10 were selected for an on-site audit - all 10 are carbon processors and none are trading firms, which some bike companies still use today (See Vitess White Paper 5.0 for more info).
- Creation of a 250-point sourcing audit checklist based on QS9000 protocols including detail review of:
 - Engineering capabilities,
 - Manufacturing capabilities,
 - Product Testing capabilities,
 - Raw material expertise,
 - Quality Assurance protocols and warranty history,
 - Supply-chain & packaging,
 - Management of innovation,
 - Ability to handle our specific needs,

Strategic partnerships

March 2009

- Visit and detailed audit of 10 manufacturing facilities in Taiwan and China,
- Meet with ISO9001-certified Gigantex (owner of the Equinox brand, sold throughout Taiwan) in Taiwan, the largest carbon processor of full-carbon wheels and cranks in the world. (See Vitess White Paper 8.0 for more info),



- Agreement on the principle for our collaboration with Gigantex for the development of high-end carbon rims re-using some of the Equinox assets,
- Meet and engage into in-depth discussions with Gigantex and their jointly-owned carbon frame engineering and processing subsidiary (which was not on our short list),
- Detailed review of an R&D project that Gigantex and its frame subsidiary had been developing for more than year → Outcome: provides a very good ground as an engineering starting point for our frame-set, key opportunity: reduce time-to-market compared to the initial idea of developing a frame from scratch. The base R&D project is very solid and is in line with our engineering and manufacturing basic needs, it just needs to be modified and improved upon following our specific guidelines,
- In-depth and specific review of their testing and manufacturing processes,

Back in Canada:

- Sourcing decision: the company retained was not even part of our short-list but it was the best ranking on our audit score-board. A niche carbon frame manufacturer with an acute understanding of our business model and specific needs, an R&D project that can serve as our base of engineering work, and the ability to deliver at the level of our quality standards.
- Finite Element Analysis based on initial CAD models and preliminary results from Taiwan. Done in France,
- Brand name selection: Vitess (from the French “*vitesse*”, which translates into “speed”),
- Preliminary review of partnerships with component manufacturers,

Development

April-June 2009

- Acros GmbH of Germany becomes our OE Partner for head-sets,
- Engineering collaboration between Vitess, Acros, Norbert Papillon, our frame carbon processor: new head-tube with full-integration of expander-less headset from Acros, new fork with internal 3k weave, modifications of tube section geometry and carbon lay-up, integration of internal cable routing, etc...
- Agreement between Vitess and Gigantex for the development of a wheel collection with carbon rim re-using some key elements of their Equinox line-up, including proprietary tooling with specific carbon layup,
- Sourcing of 1st generation of hub/spoke combo,
- First round of fund raising completed,
- Tooling kick-off for exclusive Vitess frame-set,
- Business model reviewed and audited by a team from the Schulich School of Business (York University, Toronto),
- Hires award-winning creative brand consultant Ian Hough as VP of Brand Development,
- Hires Joe Paonessa from creative agency Salt&Pepper for the development of key brand visuals,
- Hires Leo Wang to facilitate the Asia-based strategic partnership activities and manufacturing audits,
- Fi'zi:k of Italy (saddles) and Continental AG of Germany (tire mounts) become our OE partners,
- Air shipment of prototype carbon wheels into Toronto, road testing starts,

July 2009

- Launch of website,
- 3T Design of Italy (bar, stem, seat-post) becomes our OE partner.

Testing

August 2009

- Lab testing for stiffness (head-tube, bottom bracket, single and double stays) and preliminary EN14781 on RAW frames,



- Air-shipment of first rolling prototype into Canada (missing internal cable routing and new head-tube) – start of bike road testing in Toronto: validation of ride characteristics – tracking, stiffness, comfort level,

September 2009

- First Pre-production bike in Canada: start of specific road testing for validation of head-tube stiffness (steering stability) and shifting performance,
- Final lab stiffness testing with new head-tube,
- Refinement of internal cable routing sleeves for improved shifting performance,
- EN14781 certification,
- 2nd generation head-set (sealed, low rise) from Acros,
- Shimano Canada becomes our OE partner,
- Project kick-off for a revised Vitess frame-set for a “Super Road Bike” to be launched mid-2010,

October 2009

- Road testing,
- Project kick-off for a Vitess Hard-Tail full-carbon MTB to be launched mid-2010; leverage our road technology and adapt it to this high-performance MTB application,

Market launch

November 2009

- First Vitess bike delivered – was a pre-booking,
- Opening of Toronto Showroom,
- Air-shipment of first batch of series-production carbon wheels,
- Project kick-off for the second generation of carbon wheels (upgraded hub/spokes combo, semi and full custom artworks).

