2017 European Cosmetics and Personal Care New Product Innovation Award
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Background and Company Performance

Industry Challenges

Increasing health concerns about air pollution have been the main driver for the cosmetic industry to introduce anti-pollution ingredients in cosmetics and personal care products. These ingredients, including plant extracts, polymer films, vitamins, and/or natural antioxidant complexes, were primarily designed for the Asian market, where pollution levels are high. In the past few years, however, the demand for cosmetics incorporating anti-pollution ingredients has been rising in Western regions as well. Healthy, natural, and sustainable products that could improve skin health and help consumers with their urban lifestyle are in high demand.

The anti-pollution trend started in the Asia-Pacific region in 2011, and the demand for anti-pollution ingredients has steadily increased worldwide, providing the market with an attractive growth opportunity. Market competition has increased in recent years, with a growing number of new participants entering the market. Therefore, to be successful in this market and ahead of the competition, diversification is crucial.

A successful diversification strategy focuses on novel anti-pollution ingredients and scientific tests that address sustainability. Such tests, including chemical analysis, cellular testing, synthetic skin testing, and formulation tests, are essential to generating intellectual property (IP) that can attract customers, while informing and reassuring clients about product claims. Sustainability is important in developing and launching novel anti-pollution ingredients produced with environmentally friendly processes or with a reduction of wasted water.

New Product Attributes and Customer Impact

Design

The human skin’s function is to provide a barrier against external factors; therefore, the skin is constantly exposed to chemical and mechanical stress. Stress factors, such as solar radiation and air pollution, are responsible for premature skin ageing and for worsening some skin conditions, such as eczema and hives.

GREENTECH SA launched its URBALYS® in April 2017, a new anti-pollution ingredient that combines three unique functions in one ingredient. This novel biological ingredient activates the skin’s defense and cellular detoxification pathways, while providing a barrier function, cellular defenses, and an anti-inflammatory response.

URBALYS fulfills the need of 360 degree protection against air pollution. In fact, anti-pollution ingredients currently available on the market generally act as a skin barrier or a chelating agent that reduces particle load on the skin and cutaneous pollutant penetration. The mechanism of action of many anti-pollution ingredients is targeted to protect against
particulate matters and metals. Currently, to achieve a complete pollution protection that includes protection against gas and radiation as well, together with anti-inflammatory and antioxidants effects, a combination of different ingredients is necessary in the same cosmetic formulation.

**Match to Needs**

The unique anti-pollution properties of URBALYS are the result of GREENTECH’s long experience of combining natural ingredients with biotechnology. GREENTECH developed URBALYS using the *Schisandra chinensis* fruit extract, a berry fruit well known for its antioxidant compounds and for reducing inflammation. *Schisandra chinensis* is rich in lignans, which are chemical compounds synthesized by plants in response to stress. In particular, *Schisandra chinensis* is rich in schizandrin, a powerful lignan able to activate the cell’s defenses and antioxidative mechanism.

According to GREENTECH in vitro studies, URBALYS’s power lies in activating the cell signal pathways of the nuclear factor (erythroid-derived 2)-like 2 (Nrf2) and the nuclear factor-κB (NF-κB), which are the two key transcription factors that regulate cellular responses to oxidative stress and inflammation, respectively. Moreover, other GREENTECH in vitro studies show that the high antioxidant power of *Schisandra chinensis* creates a barrier against free radicals by promoting the production of filaggrin, a protein that plays a key role in the skin barrier function.

Scientific evidence shows that URBALYS offers complete protection against pollution by combining in one ingredient the benefits of an enhanced skin barrier, increased cellular defense, and inflammatory protection, matching the needs for a powerful anti-pollution ingredient.

**Quality**

In the cosmetics industry, GREENTECH is a unique example of a company that uses a pharmaceutical approach and technologies to develop cosmetic ingredients. Moreover, GREENTECH was among the first companies to supply organic-certified cosmetic ingredients by ECOCERT (France).

The reliability of GREENTECH’s ingredients are proved by its ability to maintain the top position for producing new natural and organic ingredients from plants, marine, and microbials. The company has a strong focus on research and development (R&D), and through its 20 years of experience, GREENTECH has enlarged its database with the discovery of over 30,000 plant and 300,000 biological molecules for the development of new targeted active ingredients.
The combination of biotechnology and bioinformatics allows GREENTECH to develop ingredients tailored to one specific application; therefore, the value proposition for each ingredient is clear to its customers.

**Reliability**

GREENTECH has a proven record of continuous innovation in the cosmetics industry, evident by its continuous launching of new skin care ingredients for purposes such as anti-aging and protection from light rays as well as in other cosmetics, such as hair care.

GREENTECH has launched several innovative products in recent years. In April 2016, GREENTECH launched SOLIBERINE®, an innovative photo protector that prevents the formation of free radicals and reduces inflammation and cell apoptosis after exposure to UV radiation. In vitro and in vivo tests show that this ingredient provides protection from a broad spectrum of UV rays, including UVA and UVB.

**Brand Equity**

GREENTECH is part of the GREENTECH group (together with GREENSEA and BIOVITIS), which is present on all continents, covering over 30 countries worldwide. GREENTECH’s global presence allows the company to serve key markets, including Europe and North and South America.

Based in France, the company is one of the market leaders in developing active ingredients from plants and biotechnology in the cosmetic and nutraceutical fields. Many active ingredients, such as URBALYS, are developed by the GREENTECH laboratories every year. The company complies with ECOCERT certification, which allows GREENTECH to provide a large range of organic ingredients for all kinds of cosmetic and nutraceutical applications. Because of GREENTECH’s partnerships with global producers, the company has fair trade certifications for several products as well.

Frost & Sullivan views URBALYS as a value-added product and believes this ingredient has the potential for great market penetration. The already proven benefits of URBALYS can potentially attract global customers looking to expand their portfolios with innovative anti-pollution products.

The GREENTECH innovative anti-pollution ingredient provides advantages over similar ingredients as it combines 3 functions in one ingredient. Therefore, URBALYS is increasing its value proposition to customers and positioning GREENTECH as a strong contender in the cosmetics anti-pollution ingredient market.
Conclusion

GREENTECH has a proven track record in pioneering innovation for cosmetic ingredients. The company’s continuous launching of new products adds value to the cosmetics industry by improving sustainability and efficiency and ensuring consumers have access to high-quality, safe, and diverse ingredients.

In Frost & Sullivan’s opinion, GREENTECH’s anti-pollution ingredient, URBALYS, is a mark of true innovation and offers 360 degree protection against pollution. Frost & Sullivan’s research clearly shows that URBALYS offers measurable value to end users, such as protection against pollution, anti-aging properties by eliminating free radicals, an increase in the skin’s natural defense, and anti-inflammatory properties.

With its overall performance, GREENTECH SA has earned Frost & Sullivan’s 2017 New Product Innovation Award in the cosmetics and personal care market for developing URBALYS, a novel anti-pollution ingredient.
Significance of New Product Innovation

Ultimately, growth in any organization depends upon continually introducing new products to the market and successfully commercializing those products. For these dual goals to occur, a company must be best-in-class in three key areas: understanding demand, nurturing the brand, and differentiating from the competition.

Understanding New Product Innovation

Innovation is about finding a productive outlet for creativity—for consistently translating ideas into high-quality products that have a profound impact on the customer.
Key Benchmarking Criteria
For the New Product Innovation Award, Frost & Sullivan analysts independently evaluated two key factors—New Product Attributes and Customer Impact—according to the criteria identified below.

New Product Attributes
   Criterion 1: Match to Needs
   Criterion 2: Reliability
   Criterion 3: Quality
   Criterion 4: Positioning
   Criterion 5: Design

Customer Impact
   Criterion 1: Price/Performance Value
   Criterion 2: Customer Purchase Experience
   Criterion 3: Customer Ownership Experience
   Criterion 4: Customer Service Experience
   Criterion 5: Brand Equity

Best Practices Award Analysis for GREENTECH SA
Decision Support Scorecard
To support its evaluation of best practices across multiple business performance categories, Frost & Sullivan employs a customized Decision Support Scorecard. This tool allows our research and consulting teams to objectively analyze performance, according to the key benchmarking criteria listed in the previous section, and to assign ratings on that basis. The tool follows a 10-point scale that allows for nuances in performance evaluation. Ratings guidelines are illustrated below.

RATINGS GUIDELINES

The Decision Support Scorecard is organized by New Product Attributes and Customer Impact (i.e., these are the overarching categories for all 10 benchmarking criteria; the definitions for each criterion are provided beneath the scorecard.). The research team confirms the veracity of this weighted scorecard through sensitivity analysis, which confirms that small changes to the ratings for a specific criterion do not lead to a significant change in the overall relative rankings of the companies.
The results of this analysis are shown below. To remain unbiased and to protect the interests of all organizations reviewed, we have chosen to refer to the other key participants as Competitor 2 and Competitor 3.

<table>
<thead>
<tr>
<th>New Product Innovation</th>
<th>New Product Attributes</th>
<th>Customer Impact</th>
<th>Average Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>GREENTECH SA</td>
<td>10.0</td>
<td>10.0</td>
<td>10.0</td>
</tr>
<tr>
<td>Competitor 2</td>
<td>8.0</td>
<td>8.0</td>
<td>8.00</td>
</tr>
<tr>
<td>Competitor 3</td>
<td>7.0</td>
<td>8.0</td>
<td>7.50</td>
</tr>
</tbody>
</table>

**New Product Attributes**

**Criterion 1: Match to Needs**
Requirement: Customer needs directly influence and inspire the product’s design and positioning.

**Criterion 2: Reliability**
Requirement: The product consistently meets or exceeds customer expectations for consistent performance during its entire life cycle.

**Criterion 3: Quality**
Requirement: Product offers best-in-class quality, with a full complement of features and functionalities.

**Criterion 4: Positioning**
Requirement: The product serves a unique, unmet need that competitors cannot easily replicate.

**Criterion 5: Design**
Requirement: The product features an innovative design, enhancing both visual appeal and ease of use.

**Customer Impact**

**Criterion 1: Price/Performance Value**
Requirement: Products or services offer the best value for the price, compared to similar offerings in the market.

**Criterion 2: Customer Purchase Experience**
Requirement: Customers feel they are buying the most optimal solution that addresses both their unique needs and their unique constraints.

**Criterion 3: Customer Ownership Experience**
Requirement: Customers are proud to own the company’s product or service and have a positive experience throughout the life of the product or service.
**Criterion 4: Customer Service Experience**
Requirement: Customer service is accessible, fast, stress-free, and of high quality.

**Criterion 5: Brand Equity**
Requirement: Customers have a positive view of the brand and exhibit high brand loyalty.

**Decision Support Matrix**
Once all companies have been evaluated according to the Decision Support Scorecard, analysts then position the candidates on the matrix shown below, enabling them to visualize which companies are truly breakthrough and which ones are not yet operating at best-in-class levels.
## Best Practices Recognition: 10 Steps to Researching, Identifying, and Recognizing Best Practices

Frost & Sullivan analysts follow a 10-step process to evaluate Award candidates and assess their fit with select best practice criteria. The reputation and integrity of the Awards are based on close adherence to this process.

<table>
<thead>
<tr>
<th>STEP</th>
<th>OBJECTIVE</th>
<th>KEY ACTIVITIES</th>
<th>OUTPUT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Monitor, target, and screen</td>
<td>Identify Award recipient candidates from around the globe</td>
<td>Pipeline of candidates who potentially meet all best-practice criteria</td>
</tr>
<tr>
<td>2</td>
<td>Perform 360-degree research</td>
<td>Perform comprehensive, 360-degree research on all candidates in the pipeline</td>
<td>Matrix positioning of all candidates’ performance relative to one another</td>
</tr>
<tr>
<td>3</td>
<td>Invite thought leadership in best practices</td>
<td>Perform in-depth examination of all candidates</td>
<td>Detailed profiles of all ranked candidates</td>
</tr>
<tr>
<td>4</td>
<td>Initiate research director review</td>
<td>Conduct an unbiased evaluation of all candidate profiles</td>
<td>Final prioritization of all eligible candidates and companion best-practice positioning paper</td>
</tr>
<tr>
<td>5</td>
<td>Assemble panel of industry experts</td>
<td>Present findings to an expert panel of industry thought leaders</td>
<td>Refined list of prioritized Award candidates</td>
</tr>
<tr>
<td>6</td>
<td>Conduct global industry review</td>
<td>Build consensus on Award candidates’ eligibility</td>
<td>Final list of eligible Award candidates, representing success stories worldwide</td>
</tr>
<tr>
<td>7</td>
<td>Perform quality check</td>
<td>Develop official Award consideration materials</td>
<td>High-quality, accurate, and creative presentation of nominees’ successes</td>
</tr>
<tr>
<td>8</td>
<td>Reconnect with panel of industry experts</td>
<td>Finalize the selection of the best-practice Award recipient</td>
<td>Decision on which company performs best against all best-practice criteria</td>
</tr>
<tr>
<td>9</td>
<td>Communicate recognition</td>
<td>Inform Award recipient of Award recognition</td>
<td>Announcement of Award and plan for how recipient can use the Award to enhance the brand</td>
</tr>
<tr>
<td>10</td>
<td>Take strategic action</td>
<td>Upon licensing, company is able to share Award news with stakeholders and customers</td>
<td>Widespread awareness of recipient’s Award status among investors, media personnel, and employees</td>
</tr>
</tbody>
</table>
The Intersection between 360-Degree Research and Best Practices Awards

Research Methodology

Frost & Sullivan’s 360-degree research methodology represents the analytical rigor of our research process. It offers a 360-degree-view of industry challenges, trends, and issues by integrating all 7 of Frost & Sullivan's research methodologies. Too often companies make important growth decisions based on a narrow understanding of their environment, leading to errors of both omission and commission. Successful growth strategies are founded on a thorough understanding of market, technical, economic, financial, customer, best practices, and demographic analyses. The integration of these research disciplines into the 360-degree research methodology provides an evaluation platform for benchmarking industry participants and for identifying those performing at best-in-class levels.

About Frost & Sullivan

Frost & Sullivan, the Growth Partnership Company, enables clients to accelerate growth and achieve best-in-class positions in growth, innovation and leadership. The company's Growth Partnership Service provides the CEO and the CEO's Growth Team with disciplined research and best practice models to drive the generation, evaluation, and implementation of powerful growth strategies. Frost & Sullivan leverages more than 50 years of experience in partnering with Global 1000 companies, emerging businesses, and the investment community from 45 offices on six continents. To join our Growth Partnership, please visit http://www.frost.com.