



California Business Minute's
CaEO Corner Interview
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TECHNOLOGY AND DUSTY BOOTS
Innovation in Food Safety and California's
Multi- Billion Dollar Agricultural Industry



J. Scott Carr
President and CEO
YottaMark

In the last two years, consumers have been impacted by food tainted with bacteria. Recent tainted products have included spinach, tomatoes and peanut butter. These actions have resulted in nervous consumers and have elevated public and private sector concerns for the safety of the food supply. And while it certainly puts the consumer on edge, it has also placed great worry on the owners of the food brands.

A privately held company located in Redwood City, YottaMark provides one of the most secure and simple to deploy unit-level brand security and marketing solutions for brand owners- protecting revenue streams and delivering the information consumers want about the brands they trust.

YottaMark's mission is to easily capture relevant item-level information about products and make that information instantly accessible and useful to anyone, anywhere in the world. YottaMark solutions are now protecting and enhancing millions of dollars of branded goods. Companies in the fresh produce and consumers packaged goods industries along with pharmaceuticals and electronics rely on YottaMark for traceability and to inspire trust in their brands.

Scott Carr drives the company's strategy and leads the world-class YottaMark team, drawing on more than two decades of experience delivering brand security, anti-counterfeiting and large-scale data management products and solutions.

CBM: Can you provide some insight to the marketplace?

Based upon our research, product counterfeiting, fraud and diversion cost the U.S. economy close to \$250 billion per year. Extensive national recalls of every day products from electronics to baby bottles to fresh produce have undermined consumer confidence and trust in brands. A July 2008 Associated Press/Ipsos survey indicated that nearly half of the consumers surveyed changed their eating and buying habits because they were afraid of consuming contaminated products and becoming ill with 86% percent of people stating that produce should be labeled so it can be tracked all the way back to the farm.



Consumers are demanding to learn about the source of their food while brand owners seek to connect meaningfully with their customers, and collect valuable data on the location and use of their products to maintain brand integrity and improve supply chain operations. These market demands for product and food safety solutions are driving the rapid growth of the authentication and traceability technology market, which is estimated to reach \$43 billion by 2012.

CBM: How do businesses or even government utilize the services of the Yottamark?

Farmers, growers, food processors must maintain confidence in their ability to produce safe, wholesome food, while seeking to differentiate products and remain competitive, especially where brand owners have put significant intellectual and financial resources into the development of either corporate or product brands. Increasingly the corporation identity is now the brand and this is a valuable business asset. In order to protect that asset, effective food safety management must be at the core of organizational strategy and in the event that such controls fail, crisis management protocols should be in place that can be implemented quickly and effectively.

Obviously government is intimately involved in food safety, but there are avenues and opportunities for increased government involvement in food safety issues. While we do not serve government, we can provide help.

CBM: In your own words, tell us why a consumer should know the location and variety of the produce they want to or have purchased?

The value of our services focus towards providing the consumer a blend of three items: Enhanced food safety; Traceability, in terms of a solution that adds value for the customer and provides information on the Brand. For example, for the consumer, our information will provide information about the inside of the food chain, telling the farmer's story from where the commodity was grown to telling the processors story and about the brand



itself.

For example, during the salmonella recall on tomatoes, although the focus was in Florida, California unfortunately got hit with an equal stroke to all tomatoes grown in North America. It was an unfair accusation. And unfortunately California's tomato industry lost money as the commodity category got hit. YottaMark's HarvestMark service offers a tool for shippers and for the state generally, to not only enhance food safety, but provide tools that help products stay on shelves, narrowing the collateral damage by nervous consumers from a recall.

CBM: What new programs or projects are in the future for YottaMark and why?

Our first focus is on produce. I suspect that expansion of our services could be focused on meat and poultry.

Also, technology is one of the sectors in California that continues to grow. Companies like YottaMark attracted money before the downturn and are spending wisely to create jobs and drive growth. Played out right, this is a key part of the State's economic recovery. What's more, YottaMark's largest customers are here in California. This is in-state commerce, where two of California's largest industry segments — agriculture and technology are meeting to benefit the state's economy – protecting it from a devastating downside and differentiate brands to position for growth.

CBM: In your business, what's more powerful, a short term or a long- term value for customers and shareholders and why?

In terms of our business, we believe that you have to do both at the same time. You can't do one over the other. They are different constituents and both require constant support both in the short and long term.

CBM: Given that there are so many different crops grown almost year round, is there a busy time of year for YottaMark?

That's a good question; because our business is based upon specific region's where commodities are grown. For instance we have been busy in California, but we also find ourselves busy in Florida during September and October. So it becomes busy at different times of the year based upon a commodity grown in a specific region of the country.

CBM: What made you decide to accept the job at YottaMark?

Elliot Grant who founded YottaMark was very persuasive. I relish the opportunity to find solutions to problems utilizing innovation. It is humorous to think that a technology firm requires its employees to put on boots and go out in the fields and get them dusty to perform their work. But YottaMark is a technology based company where its employees do exactly that, and even more important enjoy working in the fields, the orchards and at the processing facilities across the state utilizing the latest innovations in support of food safety and consumer protection no matter how dusty their boots get.

CBM: What is the origin of the name YottaMark?

The name YottaMark is based on the company's solution featuring a highly secure 24 digit code, creating a code space with a million, billion possible codes in it, which is technically known as a 'yotta'.

CBM: Identify a quote that best describes your work ethic?

"Quickly respond to the market." "Do what the customer needs."

CBM: The one thing you like best about your job?

I love to work for companies that create value to the market, and a problem that needs solving. That's fun. Having a chance to be involved in an industry critical to the business of others and to consumers to me is very redeeming. Again, while it is a tremendous amount of fun, I understand and never forget the significance of our work. And I believe the work we are doing is world changing.

CBM: Where you born and raised in California? If so where, if not, what brought you here and when?

I grew up in Portland, Oregon and was recruited to YottaMark and have only been in California about a year and half. My wife was from San Diego and I had visited California during my childhood annually. But as I said earlier, I never recognized how big California agriculture was until I got here and began working with the industry.

CBM: What or where is your favorite location in California to visit?

My family lives in the Bay area, but we are blessed by living in close proximity to the California coast and the areas of the Big Sur and Carmel where we enjoy recreating.

J. Scott Carr, President and CEO

Scott Carr drives the Company's strategy and leads the world-class YottaMark team, drawing on more than two decades of experience delivering brand security, anti-counterfeiting and large-scale data management products and solutions. Prior to joining YottaMark, Scott spent 11 years at Digimarc Corporation, a company he helped to found and take public. He was most recently an Executive Vice President responsible for global business development and North American Sales. A frequent speaker and having testified before the U.S. Senate and the National Council of State Legislators, Scott is a noted national expert on secure personal identity solutions. Prior to joining Digimarc, Scott was VP of Marketing for nCube, a leader in metropolitan class video-on-demand solutions. Scott has held various software engineering and business development positions at computer system, semiconductor, and manufacturing companies. Scott holds more than 20 U.S. patents on digital watermarking and its applications. He has a Bachelor of Science degree in Computer Science from Oregon State University, and an executive MBA from the Stanford/AeA program.

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