How Drone Delivery is Disrupting the Supply Chain

Presented by:
Matt Sweeny - CEO Flirtey
The internet revolution enabled instant gratification for the ordering of goods.

Drone technology today is where personal computing technology was in the 1980s.

The drone revolution will enable instant gratification for the delivery of goods.

Flirtey is the world’s leading drone delivery service.
Flirtey is the world’s leading drone delivery service

**July 2015**  
First FAA-approved drone delivery in collaboration with NASA Langley

**June 2016**  
First ship-to-shore drone delivery in partnership with Johns Hopkins

**July 2016**  
First commercial delivery to customer home in U.S.

**October 2016**  
Partnership launched with Domino’s in New Zealand

**November 2016**  
Largest commercial drone delivery trial to-date with 7-Eleven
Problems and shifting market conditions

Increasing gas and labor costs

Growth of the on-demand economy

Tech-savvy millennial consumer base
The last mile of the supply chain is expensive

- The last mile accounts for up to 40% of supply chain costs
- UPS estimates that it can save $50 million by eliminating one mile along its routes
- Ground shipping rates have increased 77.2% in the last decade
Yet, e-commerce is growing and consumers are demanding speedier delivery.

69% of consumers say one-day shipping would make them more likely to buy online.

Last year, online and mobile sales increased ~15% whereas in-store sales fell ~10%.
Flirtley is the solution

- Food and Convenience
- Intra-business and B2B
- Medical and Humanitarian
- Retail and E-Commerce
- Courier and Parcel
How Flirtey works

1. Package loaded on drone
2. Drone located at vendor store
3. Flirtey flies autonomously to consumer
4. Flirtey operates the service -
   - Operates network of drones
   - General liability insurance
   - Regulatory approvals
   - Maintenance
   - Flight plans
5. Flirtey returns to vendor
6. Lowers package to consumer
Flirtey is faster

30:00
(up to 60:00 urban)

20:00

<10:00

On-Demand Delivery Service
(E.g. Postmates)

In-House Delivery

Flirtey

Flirtey is 4x faster than the average on-demand delivery service.

Every minute saved leads to better customer experience.

This is a game changer for the delivery industry.
Flirtøy becomes increasingly cost effective over time

- Multiple drones to pilot (low labor cost per delivery)
- Hardware and equipment costs are commoditized
- Smaller, more frequent orders

<table>
<thead>
<tr>
<th>Drone to Pilot Ratio</th>
<th>Deliveries per Pilot per Hour</th>
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<tr>
<td>1 to 3</td>
<td>2</td>
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<tr>
<td>1 to 2</td>
<td>3</td>
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<tr>
<td>1 to 1</td>
<td>6</td>
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<td>9 to 1</td>
<td>54</td>
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<tr>
<td>10 to 1</td>
<td>60</td>
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Flirtey has overcome the regulatory hurdle

**United States:**

- **2019:** Unrestricted Operations (flights near airports, at scale operations)
- **2018:** Extended Line of Sight (flights beyond one mile)
- **2017:** Operations over People (flights over suburban areas)
- **Now:** Nationwide (Commercial Operations (over unpopulated areas, within one mile))

**New Zealand:**

- **2019:** Now: Flirtey Only
- **2018:** Now: Flirtey Only
- **2017:** Now: Flirtey Only
- **Now:** Now: Flirtey Only

**Notes:**
- Flirtey has overcome the regulatory hurdle in the United States and New Zealand.
Our customers love our service

Drone delivery is the ultimate convenience for our customers and these efforts create enormous opportunities to redefine convenience.

- Jesus Delgado  
  Executive VP at 7-Eleven

Partnering with Flirtey to revolutionize the delivery experience is an achievement that will set our company apart in the minds of customers and change the way delivery is conducted around the world.

- Don Meij  
  Group CEO at Domino's
Consumers love Flirtney

Overall Satisfaction with Flirtney’s Service

- 8% Extremely Satisfied
- 92% Satisfied

4 in 5 consumers more likely to buy from store that offers drone delivery

100% Customers would use Flirtney’s drone delivery service again
Drone delivery is a game changer

“30,000 UAVs will fill the skies in less than 20 years”
~ The U.S. Federal Aviation Administration, Forecast, 2011
Drone delivery is a game changer

“I think there is a world market for maybe five computers”
~ Thomas Watson, Chairman of IBM, 1943
Drone delivery is a game changer

**Unmanned vs. Manned Aircraft Registration**

- **2,000+ UAS registrations PER DAY**
- **550,000+ UAS users registered in 9 months**

Dec 2015 - Sept 2016
Drone delivery is a game changer

- The FAA now predicts 7,000,000 drones registered by 2020
- PwC estimates the commercial drone market will be worth $127 billion by 2020
- McKinsey & Co. predicts that 80% of parcels will be delivered by autonomous vehicles in the next 10 years
Flirtney will help to create winners and losers

- Drone delivery is the future of the on-demand economy
- Extremely high barriers to entry
- Years of development required, affording our partners multi-year head start over competitors
The value of drone delivery

- Increase sales
- Reduce costs
- Differentiate brand
- Improve customer experience
- Mitigate competitive risks
- Future-proof your supply chain
In 1978 Kodak patented the first digital camera.
Kodak’s marketing department was not interested because it would eat away at the company’s film sales.
Kodak is now bankrupt.
Don’t let drone delivery be your Kodak moment

Embrace the future by partnering with Flirtey
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