

“Forward to basics” - Interview with Handpresso’s founder Henrik Nielsen

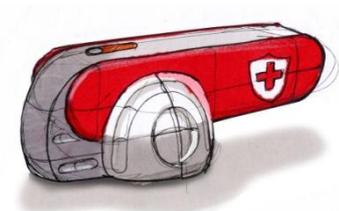
February 6th 2009



With the Handpresso concept, a whole industry has been challenged by very simple means. Already the first year, Handpresso became the global leader in the market for mobile espresso coffee. While the whole industry was focusing on fully automatic machines or closed pod systems, Handpresso took the opposite direction by creating the world’s smallest espresso machine, which can be brought anywhere. Read the interview with Handpresso’s founder, Henrik Nielsen.



First, how did you come up with the idea of creating the Handpresso concept?



I love espresso. The good one, the real one. I’m a coffee-addict and I travel a lot. I was once in a very exclusive hotel. As I couldn’t drink a decent coffee in my room, I started to think of a portable espresso machine I could bring wherever I wanted. I had the first idea for the Handpresso Wild in 2005, I wanted an espresso machine slightly larger than a Swiss army knife.

Having worked in the small appliance area, I have noticed that Espresso machines are increasingly sophisticated and expensive. I chose the opposite way and looked for simplicity. A modern espresso maker looks more like a nuclear power plant than a simple household product to be used by normal people. Most espresso machines are difficult to maintain, take up precious space on the table top and are also quite expensive. We decided to make something simple, which you can easily store away, which requires no maintenance – and is also environmentally friendly!

My company's motto has always been Leonardo da Vinci's « Simplicity is the ultimate sophistication. » This was applied to the Handpresso Wild to make the simplest espresso machine ever, with a minimum number of functions, only those required to make a good espresso. That was the major challenge.

Beside, since I love bikes and have worked in this field too, the idea to build up the pressure of the espresso by pumping came quite naturally. The bicycle pump is my second source of inspiration.

The Handpresso machines are totally different from all other machines in the market. What do you see as their main features?

We have at least one thing in common: all brands aim at providing a premium quality espresso coffee in the cup. Coffee brew quality and product reliability are two factors on which we don't want to make any compromise. Yet, the existing solutions for heating the water and the no-electricity option open up a lot of other opportunities. The machine is very small and weighs only one pound. You can bring it virtually anywhere and make a premium quality espresso where you can carry, get or make hot water. Mobility is the main feature, but eco-friendly design, no maintenance, no descaling and being fun to use are also major features.

What is the core idea of the Handpresso Wild?

The Handpresso Wild is the first portable espresso machine you can hold in your hand. This is the main concept. Being small, it can easily be stored in a drawer, a bag, its case or hung with the kitchenware.

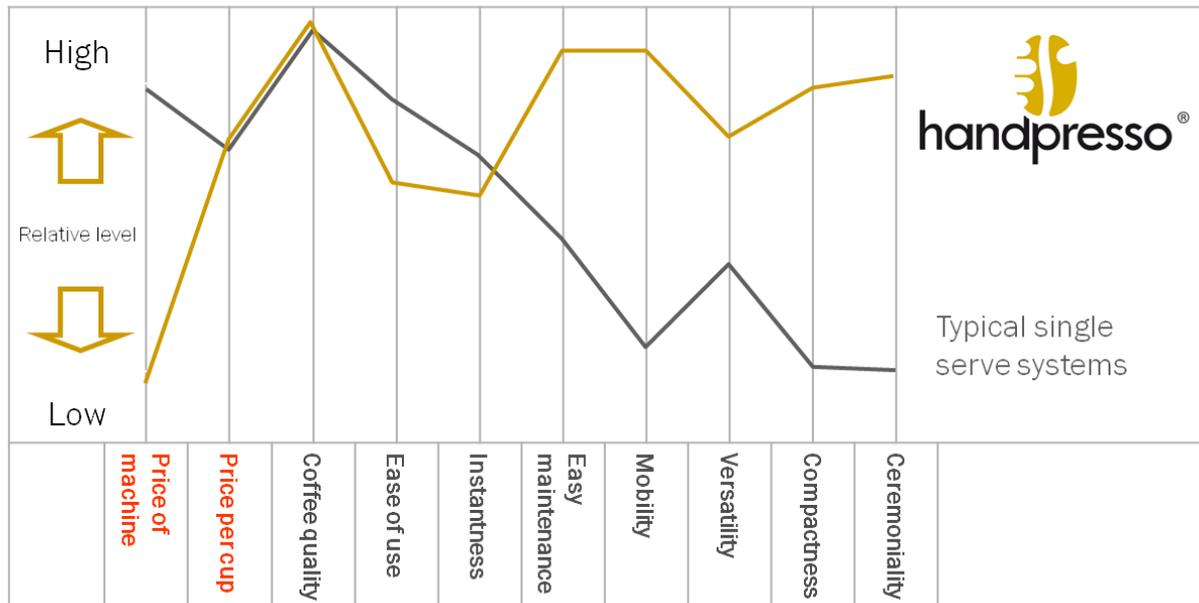
The other main concept deriving from the first is that, being entirely manual, the Handpresso Wild requires no batteries, nor electricity. Compact and light (460g), it uses 10 times less raw material. It is built to last as the reparability and durability constraints have been taken into account in the whole development work. This care for the environment makes the Handpresso Wild an eco-friendly product, mainly the DomePod version.



But your machine doesn't heat the water and you have to pump it up to 16 bar yourself – aren't these important obstacles?

I often draw a parallel with the bicycle and the car. A bicycle has no motor, no air-condition, less comfortable seats, is slower etc. Nevertheless, in some cases it is the preferred means of transportation and almost every European citizen owns one. Why? ...Because it has other advantages, which in some cases outweigh its drawbacks. It needs no parking spot, you do not get blocked in traffic jams, you can take it on the train, you stay fit and care for the environment, it is cheap to acquire and to maintain etc.

A new value curve !



With the Handpresso Wild, we are in a very similar situation. I think one of our strengths is that we have the courage to say no and eliminate some features. If you think about it, you can find hot water almost anywhere; in your kitchen, from your thermo-insulated bottle, from the camp fire, in your hotel room... I think the vast majority of product managers in the established companies do not have the courage to specify an espresso machine which does not heat the water. Often they specify all the features of their competitor's products, plus a little bit more to get a better product, but they often also want it at a lower price. You can imagine how that lowers their margins... Nobody can satisfy all needs in a market and make a profitable business out of it. If you produce women's shoes, you should never try to make products that satisfy everybody's needs – I mean men's.

What is your design philosophy?

Industrial design plays a very important role in our products, and I think we are very lucky to have – what I think is – one of France's best designers on board. Patrick Chateau oversees everything related to the product, packaging, brochures, web site... In this way, we make sure that our corporate identity is conveyed to the customers in everything they see.

Our designers and R&D people work very closely together in all the project stages. A bit like yin and yang ; the designer's job is to express the product's functions in an aesthetic and appealing way while the engineer's job is to find technical solutions that make them feasible. Together they are responsible for creating a product that gives more value to the customers than the products or services we are up against.

By the way, in 2008 we won four international design awards (IF, observeurdesign, Formland, Table&Cadeaux).

What about the environment?

Everybody in our company is very concerned about the environment – and this is not just marketing talk! We see the Handpresso Wild as a good example of how simplification leads to environmentally friendly products. The Handpresso Wild uses 10 times less raw material than a traditional 16 bar espresso maker, 50% of the material is recyclable aluminum and thanks to its small size, the CO₂ impact from shipping is very low. Moreover, most espresso makers are constantly powered on in order to quickly heat up the water. Handpresso machines do not have any stand-by power consumption.

Doesn't it require a very high PR budget to launch a new concept on a global scale?



If that was true, we wouldn't be here! When I work as a consultant for international companies, I often hear that introducing a new product is very expensive. I often claim that 1\$ invested in innovation is worth 10\$ invested in ads! If you have the right product, people will talk about it – and with the internet, the process goes all the faster.

Since Handpresso is a startup company, we do not have the same advertising budget as the big players in the industry, of course. We have taken a different approach and instead of spending money on publicity, we made small videos and used buzz marketing. We staked on 3 or 4 selected fairs a year to make the brand known (Macef, Maison&Objets, Ambiente, International Housewares Association). We created a Newsletter and worked openly with serious blogs, magazines

etc. Today, we have 280,000 Google hits on "handpresso". One year ago, we only had 70! We estimate that 30-40 articles are written every day on our products. Catherine, my wife, has dropped all her other translation and teaching activities to dedicate her time to the communications work, which is obviously growing fast.

Furthermore, we rely a lot on our distributors in each country. Their ability to provide serious and efficient communications in their own country was a strong criterion for being selected. Moreover, as our price structure is balanced, there is room for comfortable national PR budgets.

In 2008, you increased your turnover by 1400%! What is your forecast for 2009?

Our objective for 2008 was to sell 70 000 Handpresso Wild and we met that target. 2008 was the year where we really started mass production and set up distribution in 15 countries. In first quarter of 2009, we are introducing two new products: the Handpresso Wild DomePod®, which uses ground coffee instead of ESE pods, and the Outdoor set which includes everything you need to prepare a perfect espresso on a picnic. We are starting to sell in new countries and expect a lot from our new products. Altogether, a 300% growth is our most pessimistic forecast for 2009.

You do not seem to have any direct competitors – how come?

We sometimes find it difficult to define who our competitors are. Is it the local Starbucks, is it the traditional espresso machine, is it the instant coffee you drink when you are camping or in a hotel room...?

If you consider the market for traditional espresso machines, all our competitors' products are designed for use in the kitchen or in the office. Our products are much more versatile. They can be used indoor, outdoor – anywhere. We are following a true “Blue ocean strategy”! We don't want to get into the red oceans - the waters where all competitors are fighting!

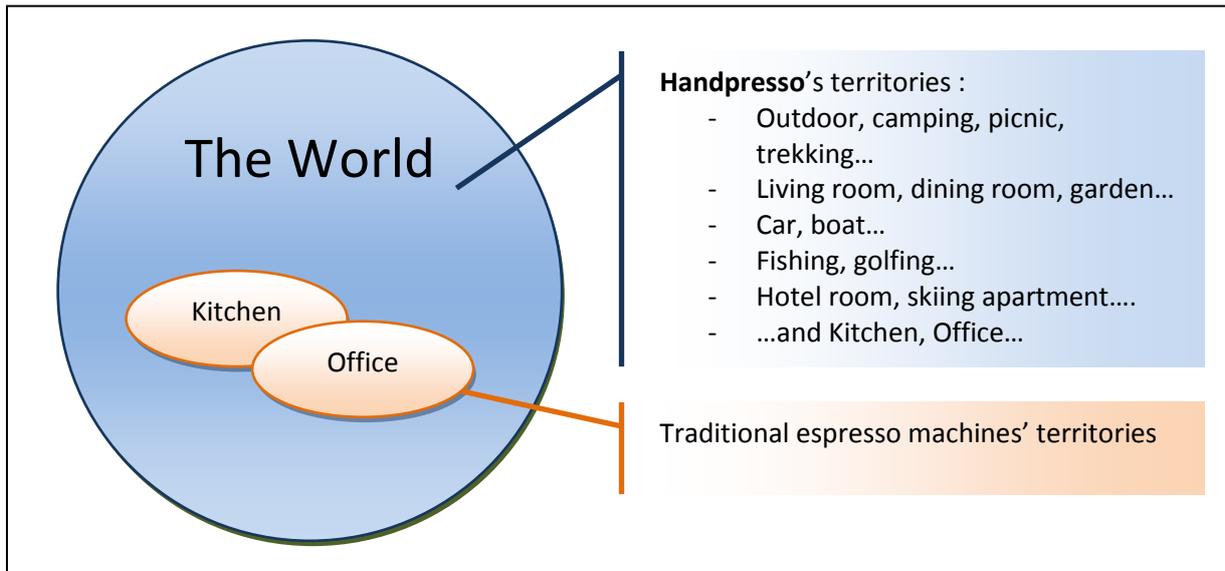


Figure 1: Our strategy is to provide premium quality coffee anywhere – not just in the kitchen or in the office.

Why did you create a new company instead of selling the invention to an established one?

Handpresso is a spin-off from my other company Nielsen Innovation, a consulting company that develops breakthrough innovations for leading consumer product brands around the world. We work with the big companies. We know how they behave and act. Frankly speaking, if the Handpresso was put in their hands, I don't think it would have survived.

One of our strengths is that we are a small and dynamic organization with an extremely quick decision-making process. I spent a lot of time discussing new projects, business concepts, marketing



activities with the organization so as to be sure that everybody had the same set of values and targets. That means that when we move, we can be extremely fast. One example: When we developed the Handpresso Wild, it only took 18 months from the first embryonic idea to running production. That requires a special project management profile, but I think the project manager, David Petitdemange, has done an amazing job.

In a big organization, it would have taken ages to get through useless concept tests, focus groups etc. In the end, the project would have died, simply because no one in a big organization is willing to take the risk of promoting something that is so different. New ideas are like babies – only their mothers really understand them!

What is your strategy for the future?

Innovation and consolidation! The past two years have been extremely hectic. We have developed products, launched production and set up distribution in 15 countries. Our Managing Director, François-Paul Boutard has done a fantastic job with our national distributors, suppliers and engineers to set-up all that. Our job is now to consolidate our business, especially our internal organization, but also our collaboration with our distribution partners. We want to work closer with them and offer them a better service.



We also have a very ambitious pipeline of new products, all with the same scope: “premium quality espresso – anywhere!” The Handpresso Wild is only the visible part of the iceberg. Today 50% of our team works on future products.



At the 2009 winter/spring shows in Paris, Frankfurt and Chicago, we are introducing two new products: **the outdoor set and the Domepod®**

The outdoor set contains the very essence of the nomadic espresso: the small, portable and manual espresso machine called Handpresso WILD working with E.S.E. pods, 4 unbreakable cups, a 300 ml thermos-flask in stainless steel to have hot water always close to hand, and 2 small napkins. With this stylish bag, you'll be able to make the coffee ceremony even more enjoyable in the most unusual places. Anywhere!



Whether you are a coffee expert, an espresso lover or an informed eco-friendly amateur, the new **Handpresso Wild Domepod** system will meet your expectations and make you enjoy your favorite coffee blend. You can choose the origin, the coffee grind, the quantity and intensity you want for a premium-quality espresso. You are the Barista! The patented Domepod system also makes it easier for you to empty the coffee grounds – a simple click on the

dome is enough! Give yourself a treat with Handpresso Wild Domepod wherever you are, whenever you want! Anywhere!

About Henrik Nielsen

Henrik Nielsen born in Denmark, 1961 – The inventor and founder

As a passionate product and service innovator, Henrik has a long track record of successful new-to-the-world innovations developed for European companies he has worked for as an employee as well as a consultant.

Henrik has occupied top management positions in leading European companies (Group R&D and Product Coordination Manager in Cycleurope, Europe's largest bicycle company, Manager Future Products in Moulinex/Krups...) and has worked as a consultant for SME's on behalf of the Institute for Product Development (IPU) in Denmark.

Henrik also has a strong academic background (Ph.D "Systematic New Product Search" from the Technical University of Denmark, DEA "Conception de Produits Nouveaux" from Ecole Nationale Supérieure d'Arts et Métiers in Paris, DESS (French MBA) in Business Administration from the University of Caen, France and a B.Sc in Mechanical Engineering from DIA in Denmark.

Henrik Nielsen created Nielsen Innovation in 2000. This metanational innovation house has established projects with clients and partners across the world and several new-to-the-world products are in the pipeline (home appliances, bicycles, mobile robotics...). Nielsen Innovation has sold licenses to companies in the appliance industry and the office furniture industry. Nielsen Innovation is also co-founder of the successful Danish bicycle light company, Reelight – the battery free bicycle lights.

Contact:

Catherine Nielsen, Communications Manager
Mobile: +33 6 76 61 27 05
cn@handpresso.fr