Hacking Situation Worldwide

- Consumer's increasing awareness of privacy invasion risks
- Increased probability of a hacking attack between 2015 and 2017
- Governments are responding through tighter regulations

Where are the Risks/Threats?

Information Flow

1. Collect
2. Process
3. Share

- Hacking
- Hacking
- International Law

Source: Gartner and IS Networks

Source: Team Analysis
Shield the House Against Hackers

Key Partner

F5 Networks
- 24/7 monitoring of data transfer
- Quantify and qualify potential risks
- Develop adequate controls for data cycle

Source: F5 Networks

EU Law for Protection of Data

Most Relevant Points

Strong data protection obligations on receiving personal data from EU
Safeguards on US government access to data
Effective protection and redress for individuals
Annual joint review to monitor the implementation

Source: wikipedia.org

Keeping our Customers’ Information Safe

Mitigation of Hacking Attacks

Collect → Process → Share
Hacking → Hacking → International Law

Source: F5 Networks

Keeping our Customers’ Information Safe

Mitigation of hacking attacks

Collect → PwC
PwC
- Assist with design and implementation of privacy program

Source: PwC
Keeping our Customers’ Information Safe
Mitigation of Hacking Attacks

PwC
- Assist with design and implementation of privacy program
- Conduct PIA’s to incorporate protection
- Privacy program assessment
- Techniques of data mapping

Source: PwC

Keeping our Customers’ Information Safe
Mitigation of Hacking Attacks

PwC
- Assist with design and implementation of privacy program
- Conduct PIA’s to incorporate protection
- Privacy program assessment
- Legal support for international data transfer

Source: PwC
Main Concerns

- Privacy and Security Risks
- Aligning with the new European Data Protection Regulations
- Falling revenues in APAC

Current Situation in APAC

-25.7%
Fitbit revenue change between 2015 and 2016

Current Situation in APAC

-25.7% $3.01B
Fitbit revenue change between 2015 and 2016
Medical Wearable Electronic Market Projected Value by 2021
Corporate Wellness
Where did it started?

China
Japan

Main Concerns
- Privacy and Security Risks
- Aligning with the new European Data Protection Regulations
- Falling revenues in APAC

Value Proposition
Accomplish a data-protection based differentiation strategy in order to increase revenues in international markets.

Objective
Relevance of data protection
Requirement of alignment with international regulations
Opportunities emerging markets are facing the industry with.

External Factors
Recommendations
Strategic Alliances (FS and PwC)
Change Principal Approach in APAC

Financials
FS Hybrid Solution
Cost: .3% of sales

C.A.R.E. Initiative
30% sales approx. budget
80% adv. & marketing
= 24% from Sales

Aligning with International Law Final Cost
$679,140.00 (PwC)
Results
Indicators for the Future

Maintain Leadership
Brand Positioning based on:
Trust, Transparency and Security
Efficient Resource Allocation for APAC

4.9x Revenue
2016 - 2020
Penetration within specialized Market

Brand Association with terms of International Security
Medical Specialization
Pioneer

Source: Team Analysis

One Step Further

Take Fitbit into the future instead of waiting for it

Appendix
Exhibits

• PEST Analysis
• SWOT Analysis
• Porter 5 Forces Analysis
• Product Line
• Measurement Tracking
• Product Comparison
• Xiaomi vs. Fitbit
• Third-Party apps connected with Fitbit
• Key Success Factors of Fitbit
• 3 C's of Data Protection
• HR decisions based on Fitbit Reports

Source: Team Analysis

Financial Info: Projection
Financial Info: Income Statement
Financial Info: Earnings Per Share
Financial Info: Projected Growth
Financial Info: Projected Revenue
Financial Info: APAC Revenues
Financial Info: Revenue Mix by Region
Financial Info: Cost of F5 per Year
Financial Info: Cost of PwC privacy advisory
Financial Info: Cost of Advertising & Marketing
Product Analysis
Fitbit Measures:

- Steps
- Calories burned
- Distance traveled
- Heart rate
- Floors climbed
- Sleep duration and quality
- Active minutes
- GPS-based tracking
- SmartTrack
- Weight, body fat and BMI
- Caloric intake

Source: Fitbit’s Annual Report 2016

Product Comparison
Xiaomi vs. Fitbit Charge 2

<table>
<thead>
<tr>
<th></th>
<th>Xiaomi “Mi Band 2”</th>
<th>Fitbit Charge 2</th>
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<tbody>
<tr>
<td>Price (amazon)</td>
<td>$37</td>
<td>$150</td>
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<td>Battery: 20 days/Charge time: 180 min</td>
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<td>Battery: 5 days/Charge time: 120 min</td>
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<tr>
<td>Box: Quick start manual, sensor, USB charger, wrist band</td>
<td>Box: wristband</td>
<td></td>
</tr>
<tr>
<td>Bluetooth Compatible: mobile devices</td>
<td>Bluetooth, automatic USB sync Compatible: computer and mobile</td>
<td></td>
</tr>
<tr>
<td>For: Android and iOS</td>
<td>For: OS X, Windows, Android and iOS</td>
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</tbody>
</table>

Source: Fitness Trackers

Product Capabilities
Internal Analysis of Fitbit

Apps Compatible with Fitbit
Third-Party Apps
Key Success Factors

- Design
- Specialization
- Trackability
- The Big Six
- Marketing/Branding
- Security
- R&D

Source: Case Analysis based on the Case Info.

Wearables Market in 2015
Top 5 Vendors

The Global Wearables Market in 2015
Worldwide wearable device shipments by the Top 5 vendors in 2015 (in million units)

- Q1 2015
- Q2 2015
- Q3 2015
- Q4 2015

Source: Statista

Comfort on Handling Personal Data
Division by Generations

Younger generations show greater comfort with how companies handle their data...

Millenials 51% 44%
Generation X 35% 35%
Baby Boomers 44%
Senior Generation

Source: Columbia Business School

Abandonment
Reasons for Abandon Wearables

Figure 3: Reasons for abandoning wearables

- 21 percent have abandoned wearables due to devices limited functionality and use
- 23 percent have abandoned wearables due to lack of built connectivity

### Financial Information

#### Cost of F5 Networks per Year

<table>
<thead>
<tr>
<th>Year</th>
<th>Cost</th>
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<tbody>
<tr>
<td>2017</td>
<td>$11.8M</td>
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<tr>
<td>2018</td>
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<tr>
<td>2019</td>
<td>$19.3M</td>
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<tr>
<td>2020</td>
<td>$23.5M</td>
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</tbody>
</table>

Source: Basic Analysis based on the Cost Info.

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### Financial Information

#### Cost of PwC Privacy Advisory

- **Resources:**
  - People: 3 collaborators
  - Time: 12 weeks

- **Assumptions:**
  - Avg. per hour: $550
  - Avg. US workweek = 34.4

Source: Quote

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### Financial Information

#### Cost of Advertising & Marketing Budget

<table>
<thead>
<tr>
<th>Year</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
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<tr>
<td>2018</td>
<td>$902.1M</td>
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<tr>
<td>2019</td>
<td>$1,180.9M</td>
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<tr>
<td>2020</td>
<td>$1,331.7M</td>
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</table>

Source: Basic Analysis based on the Cost Info.