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Drink firm FRS dips into Bay Area cash, talent pools

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FRS, an energy drink and supplement company, has moved to the Bay Area to land the mojo to grow.

The December 2007 move was just one of the major changes at the 4-year-old company since Maigread Eichten, a beverage industry veteran, became president and CEO about 15 months ago.

Since joining FRS, Eichten has overseen the introduction of single-serve energy drink cans, redesigned the packaging, moved the headquarters from Santa Barbara to Foster City, hired 20 new employees and, not least, secured \$25 million in funding, with Oak Investment Partners as the lead investor.

Access to capital and top talent were the main reasons for moving north, said Eichten, whose job is to turn FRS from a niche startup to beverage market leader in the "healthy energy" category based on its unique antioxidant energy source, quercetin.

"Personally, I don't think the world needs another energy drink. There are 2,000 of them out there," Eichten said. But all 2,000 of those, according to Eichten,



FRS' energy sources are healthier than other energy supplements, says Eichten.

are loaded with sugar and caffeine, or their kissing cousins, taurine and guarana. That makes FRS the only kid on the block with what she calls healthy sources of energy. And that, along with the endorsement and close involvement of Tour de France winner Lance Armstrong, is something Eichten and her lead investor thinks will sell.

"We saw a wide open segment of the beverage market in the 'healthy energy' category crossed with a unique ... heavily researched and patented beverage product in the form of FRS," said Fred Harman, managing partner at Oak Investment Partners and an FRS board member. That the biggest beverage companies have not successfully innovated new categories or brands, opting instead to acquire those who do, made

FRS an even more attractive investment.

FRS' 2007 revenue doubled from the year before and the target is to grow 300 percent this year, but Eichten would not disclose numbers.

E-commerce is a major sales platform for FRS, one where it has an unusual sales strategy.

FRS will have 1.5 billion banner impressions this year. They promote a two-week free sample of FRS' product line of chews, concentrates, powders and ready-to-drink cans delivered to users' homes. Eichten won't share how

many recipients become customers, but the number's high enough to justify sending out 250,000 free samples, each worth \$65, this year. That's a retail value of \$16.25 million.

FRS also is available in traditional retail channels like GNC and Albertsons, where ready-to-drink cans are meant to compete with the likes of Red Bull and Monster. A partnership with QVC could come soon.

Energy drinks reached sales over \$3.2 billion in 2006, according to Mintel, and that figure doesn't include sales at Wal-Mart or online. The market grew 516 percent between 2001 and 2006, and Mintel anticipates energy drinks will continue to post double-digit gains through 2011.