

# AccelerAid to take over North American markets

---

*Presentation to the board of PromenAid*

Casimir Kontio

Kimi Paivarinta

Nicky Tuominen

Valtteri Viitala

# Recommended solution: AccelerAid

## Key capabilities

- Easy to install
- Compliant code
- Power grip
- Anonized aluminum product

## Challenges

Financing  
Marketing channels  
Differentiation & positioning  
Business model



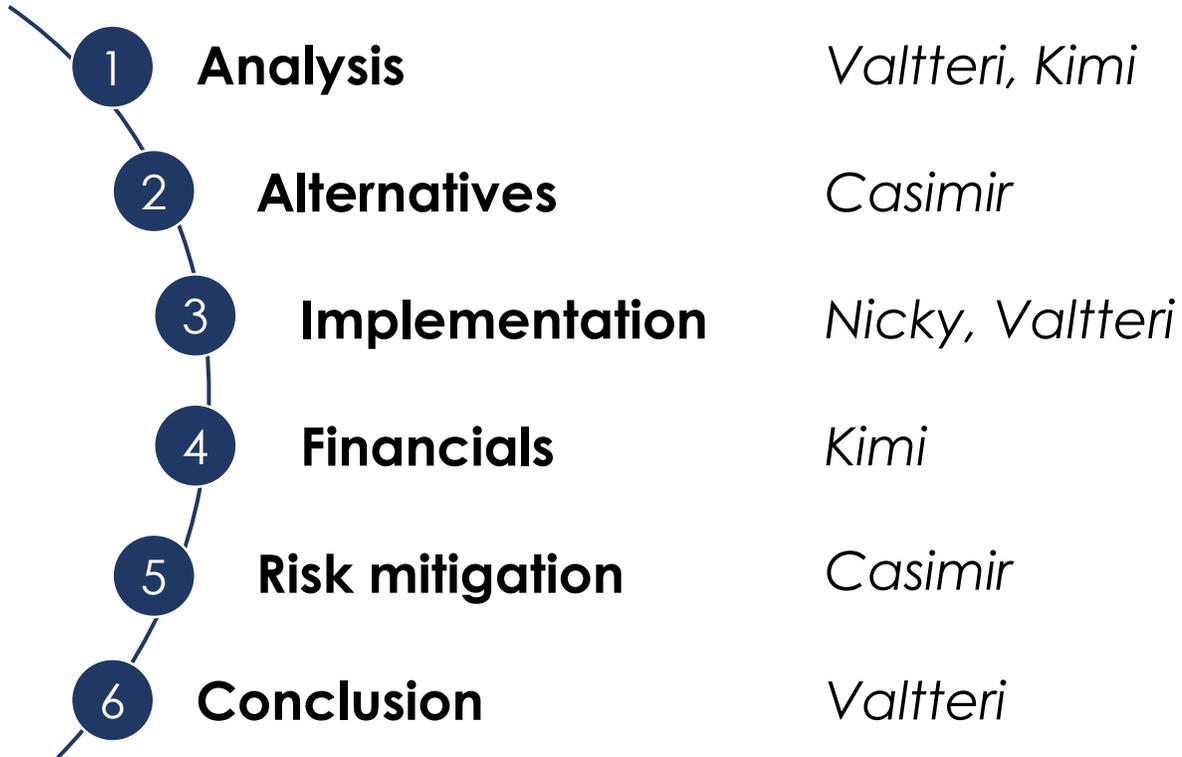
*How to capture and finance the substantial growth potential?*

## Solution

Partner up with Lowe to achieve material growth in North America focusing on e-commerce, and relocate the manufacturing to China

# Presentation timeline

---



# Analysis

---

*Valtteri, Kimi*

# SWOT analysis

Product itself is the key capability

- Easy to install
- Compliant code
- Power grip
- Anonized aluminum product

S

Financials and information of product  
comprise key internal challenges

- Cash flow management
- Unclear differentiation of product

W

# SWOT analysis

## Niche target market and megatrends are key opportunities

- Niche market position
- Ageing population

O

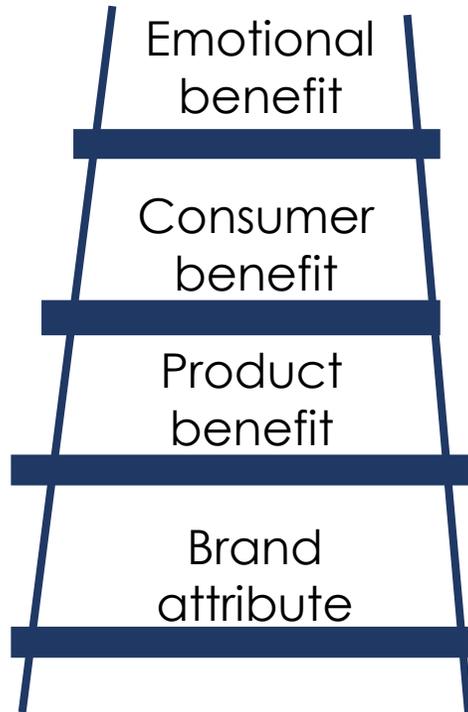
## Key challenges

- Rather easy to imitate
- Negative image of handrails

T

# PromenAid: Benefit ladder

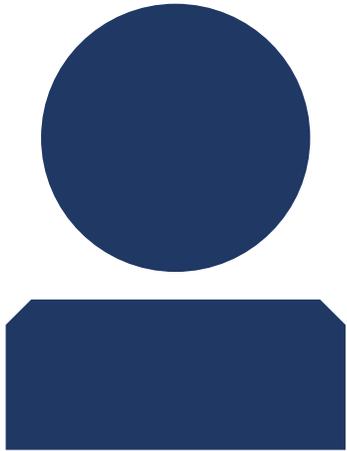
---



- Ensures that you and your loved-ones are in a safe environment
- Brings safety to your home
- Offers a safe passage on stairs and ramps with minimum effort
- Self-installable, functional aluminum design, strong handrail

# Identifying customers: meet Franck who is need for handrail

---

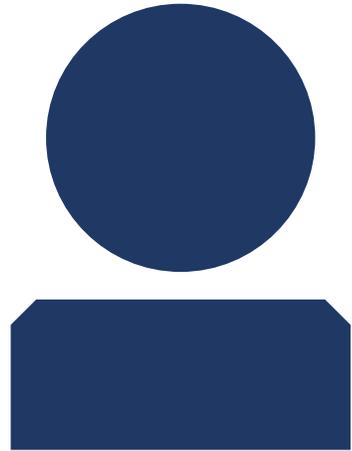


## **Franck, 75 yrs old**

- Weakened mobility
- Multiple floors in his home → need for handrails

# Identifying customers: meet Franck who is need for handrail

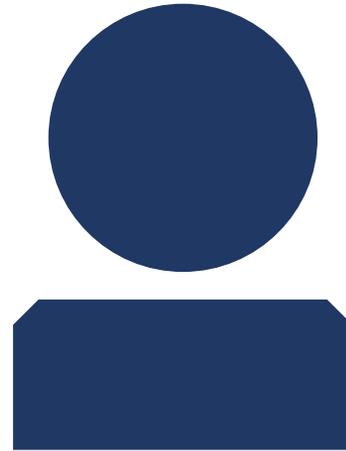
End user



**Franck, 75 yrs old**

- Weakened mobility
- Multiple floors in his home → need for handrails

Customer



**Marie, 46 yrs old**

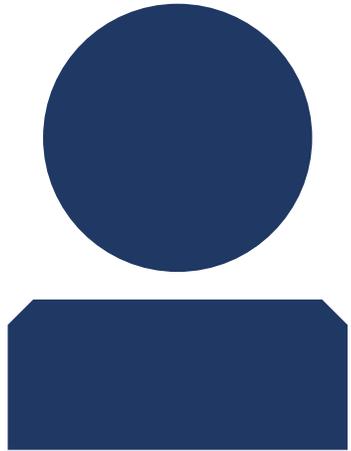
- Daughter of Franck
- Wants to take care of his dad and ensure his mobility
- Mid-class income

E-shopping

\$\$\$

# Identifying customers: meet Elizabeth, a kid who likes to play

---

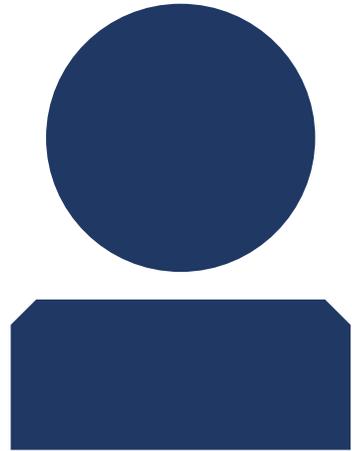


## Elizabeth, 3 yrs old

- Plays a lot in their mutli-floor apartment
- Mom is worried about safety

# Identifying customers: meet Elizabeth, a kid who likes to play

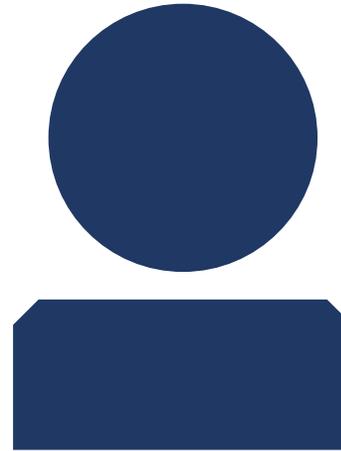
End user



**Elizabeth, 3 yrs old**

- Plays a lot in their multi-floor apartment
- Mom is worried about safety

Customer



**Marie, 46 yrs old**

- Mom to Elizabeth
- Mid-class income

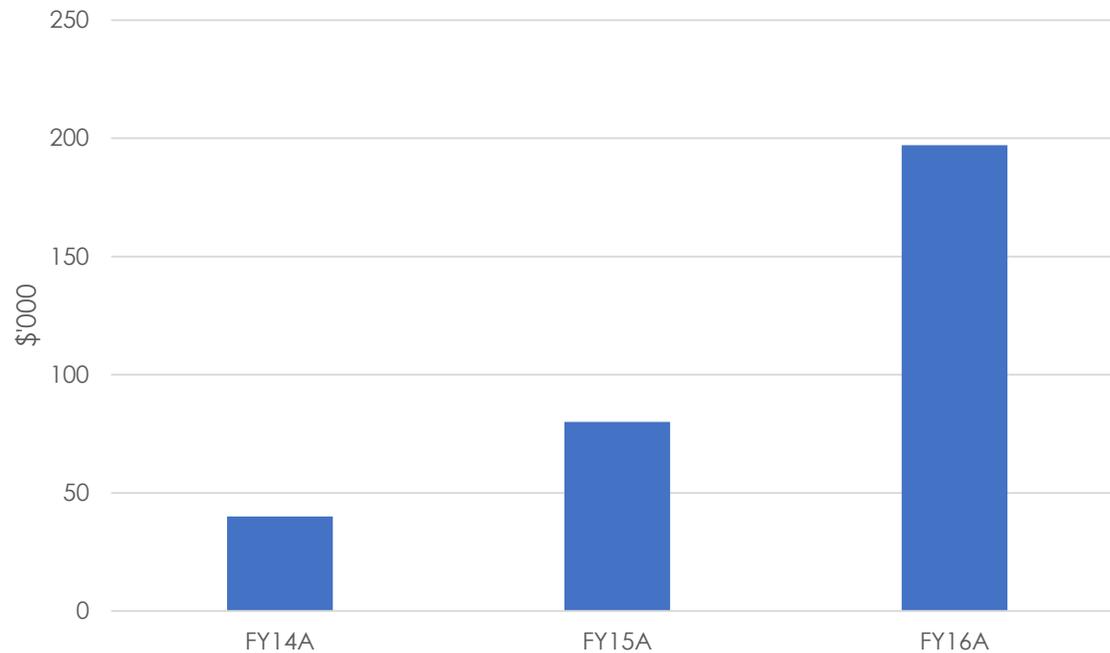


E-shopping

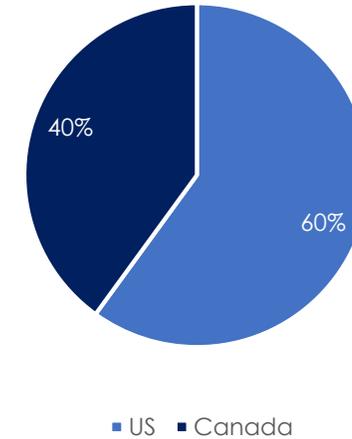
\$\$\$

# PromenAid growth and status at the moment

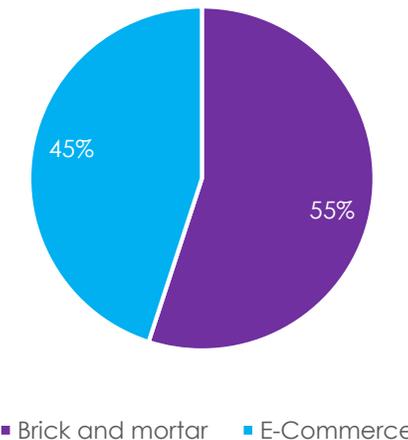
## Revenue growth in recent years



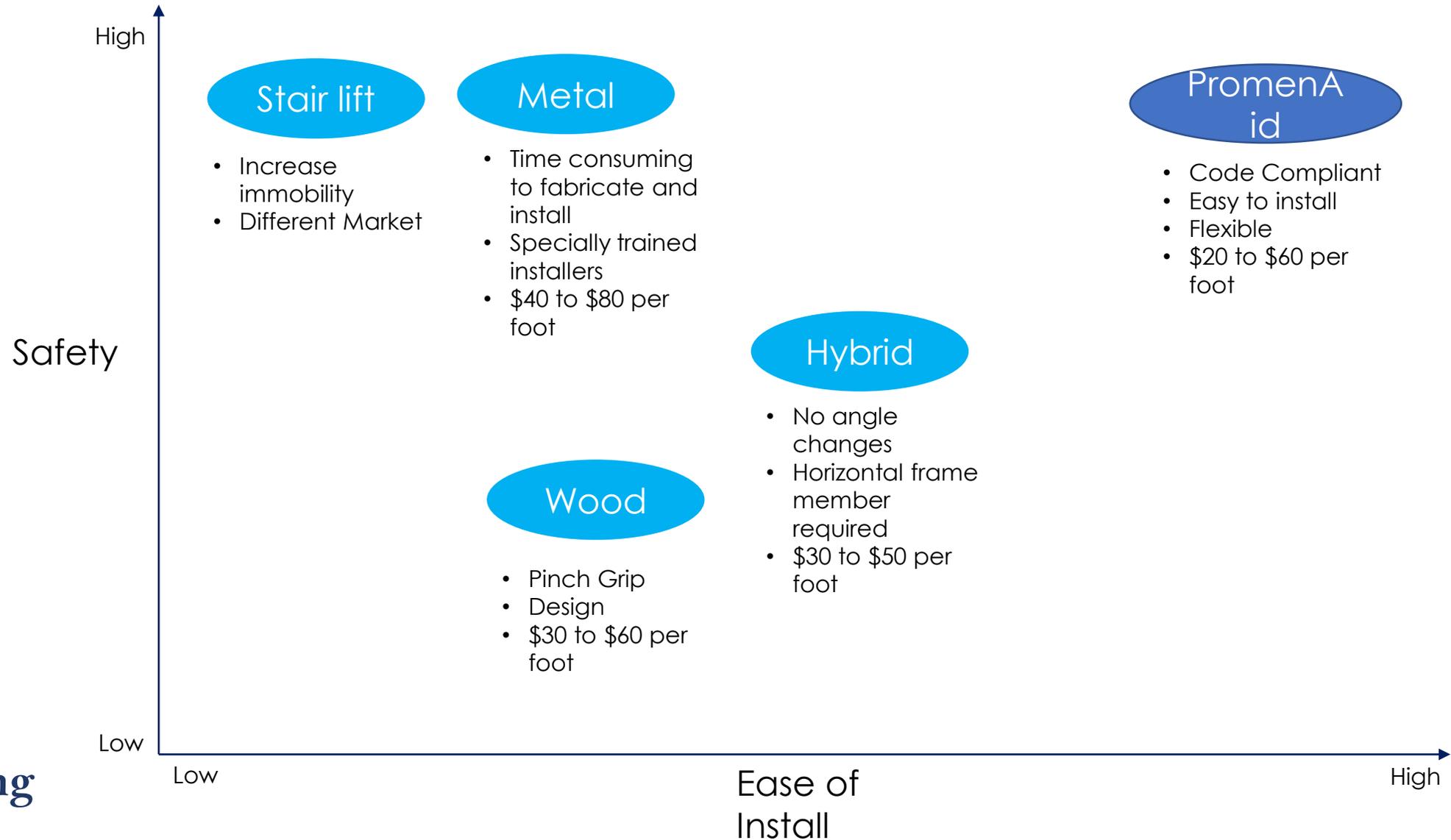
## Sales mix between US and Canada



## Sales between Brick & Mortar and E-Commerce



# Competitive field in handrails



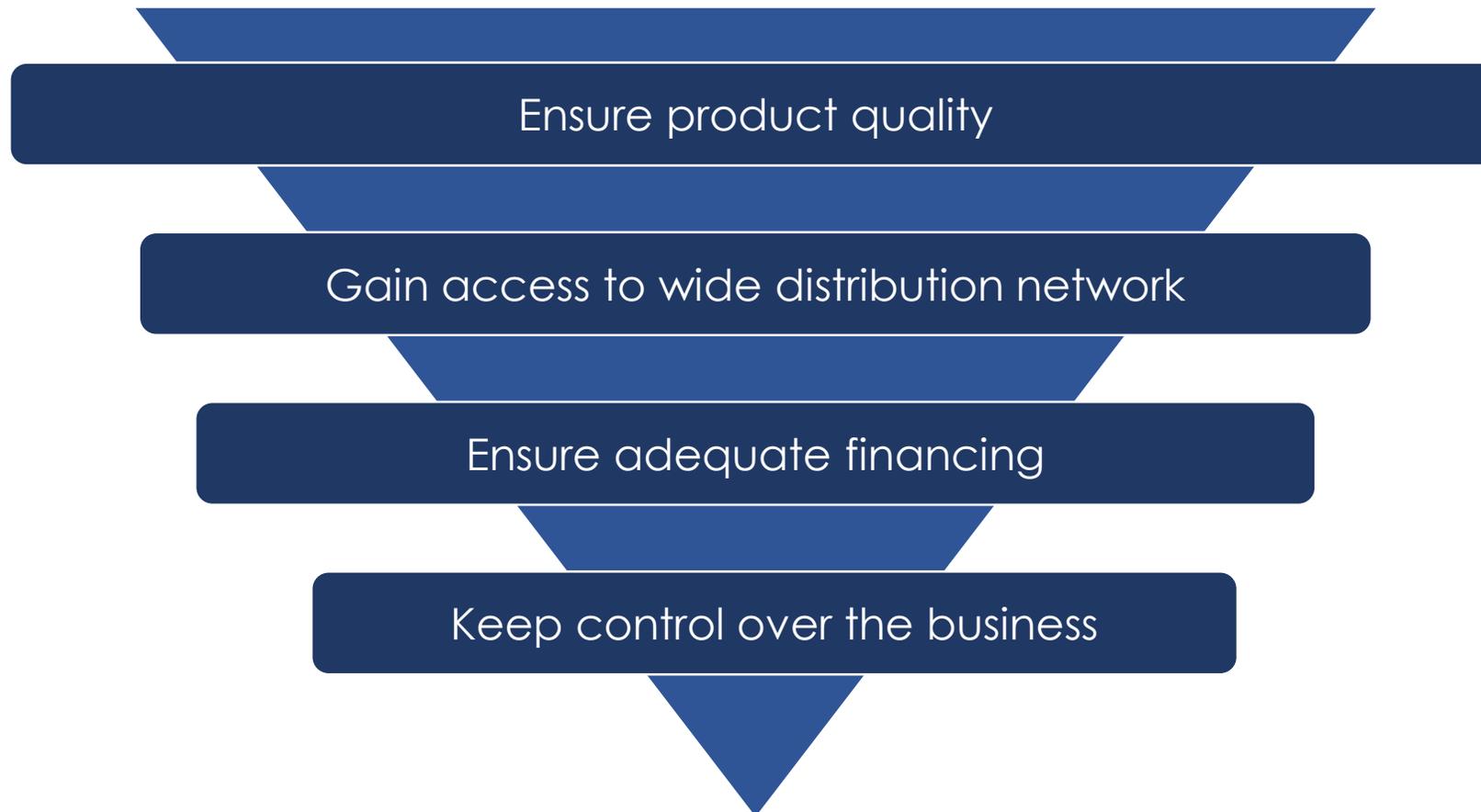
# Alternatives

---

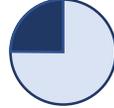
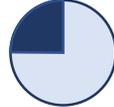
*Casimir*

# Screening approach

---



# Screening approach

	Partner up with Lowe and shift manufacturing to China	License to hybrid competitor	Sell 1/3 of the business to large retailer
Ensure product quality			
Access to wide distribution network			
Ensure adequate financing			
Keep control over the business			

# Screening approach

	Partner up with Lowe and shift manufacturing to China	License to hybrid competitor	Sell 1/3 of the business to large retailer
Ensure product quality			
Access to wide distribution network			
Ensure adequate financing			
Keep control over the business			

Partnering up with Lowe has the best strategic fit for PromenAid

## Recommendation: partner up with Lowe

---

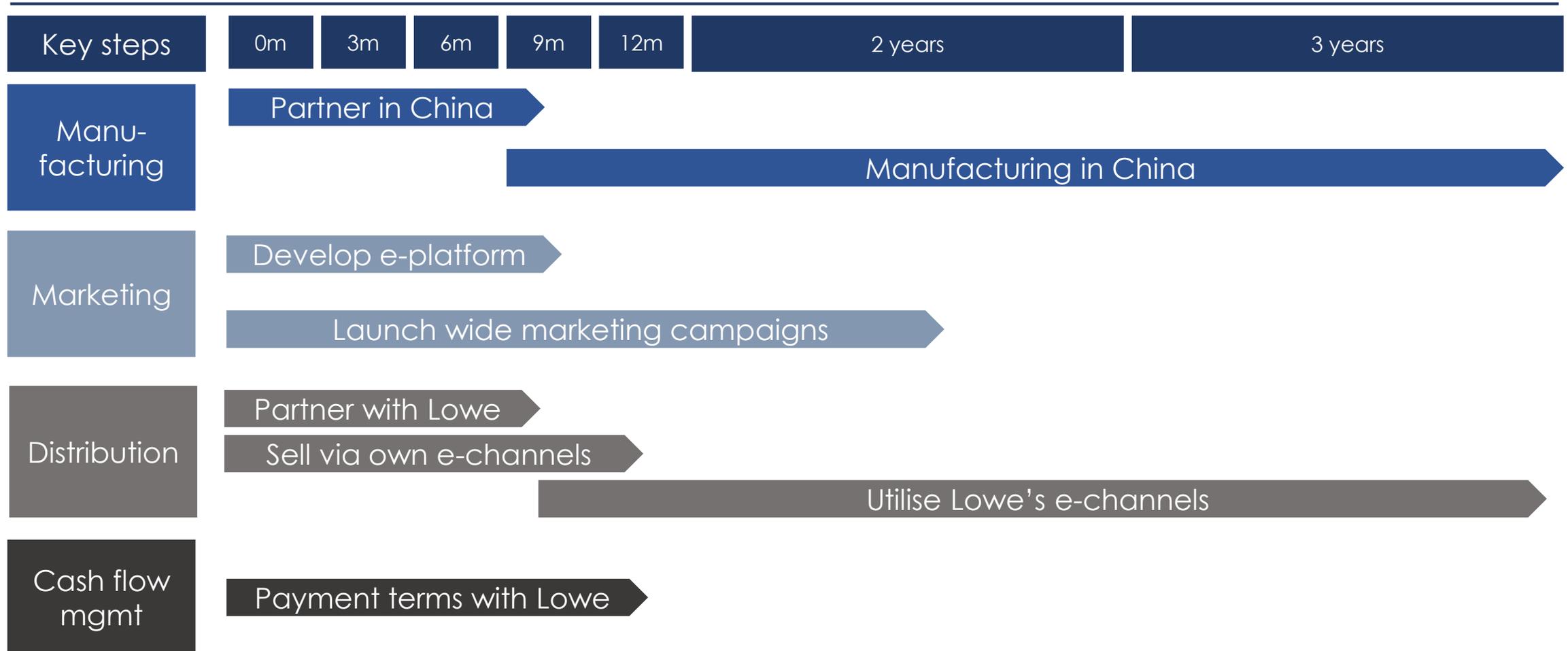
Utilise Lowe's e-channels to get access to ready-made distribution network to increase the knowledge of PromenAid's products, while still keeping control over the business

# Implementation

---

*Nicky, Valtteri*

# Suggested implementation plan and schedule



# We suggest the manufacturing to be moved to China

---

Negotiate new aluminum manufacturing partnership in China

Gradually change the emphasis on manufacturing to China

Hire quality control employee to ensure quality standards

Gain lower cost structure through moving manufacturing to China

# Marketing strategy

---

## Product

- Position the product to two niche markets: seniors and families with kids

# Marketing strategy

---

## Product

- Position the product to two niche markets: seniors and families with kids

## Price

- Low-cost strategy
- Affordable compared to competitors

# Marketing strategy

## Product

- Position the product to two niche markets: seniors and families with kids

## Price

- Low-cost strategy
- Affordable compared to competitors

## Place

- Handrails via e-commerce channels
- Medical equipment via brick and mortar

# Marketing strategy

## Product

- Position the product to two niche markets: seniors and families with kids

## Price

- Low-cost strategy
- Affordable compared to competitors

## Place

- Handrails via e-commerce channels
- Medical equipment via brick and mortar

## Promotion

- SEO
- Lobby through occupational therapists
- Educational videos on social media and TV

# We suggest a distribution partnership with Lowe

---

Negotiate a deal with Lowe to utilize their e-commerce channels by paying 10% fee/order

Get access to wider network in order to enable growth

Maintain brick and mortar deals to ensure visibility

Improve own website to increase sales growth

Wide distribution network in North America; 2/3 of sales from e-commerce

# Increase flexibility in cash flow management

---

Hire new talent to optimize inventory mgmt → less capital employed

Negotiate a royalty agreement based on sales with Lowe → prolong accounts payables

Utilize factoring agreements with financial institutions to get revenues earlier

Negotiate with bank to extend credit line

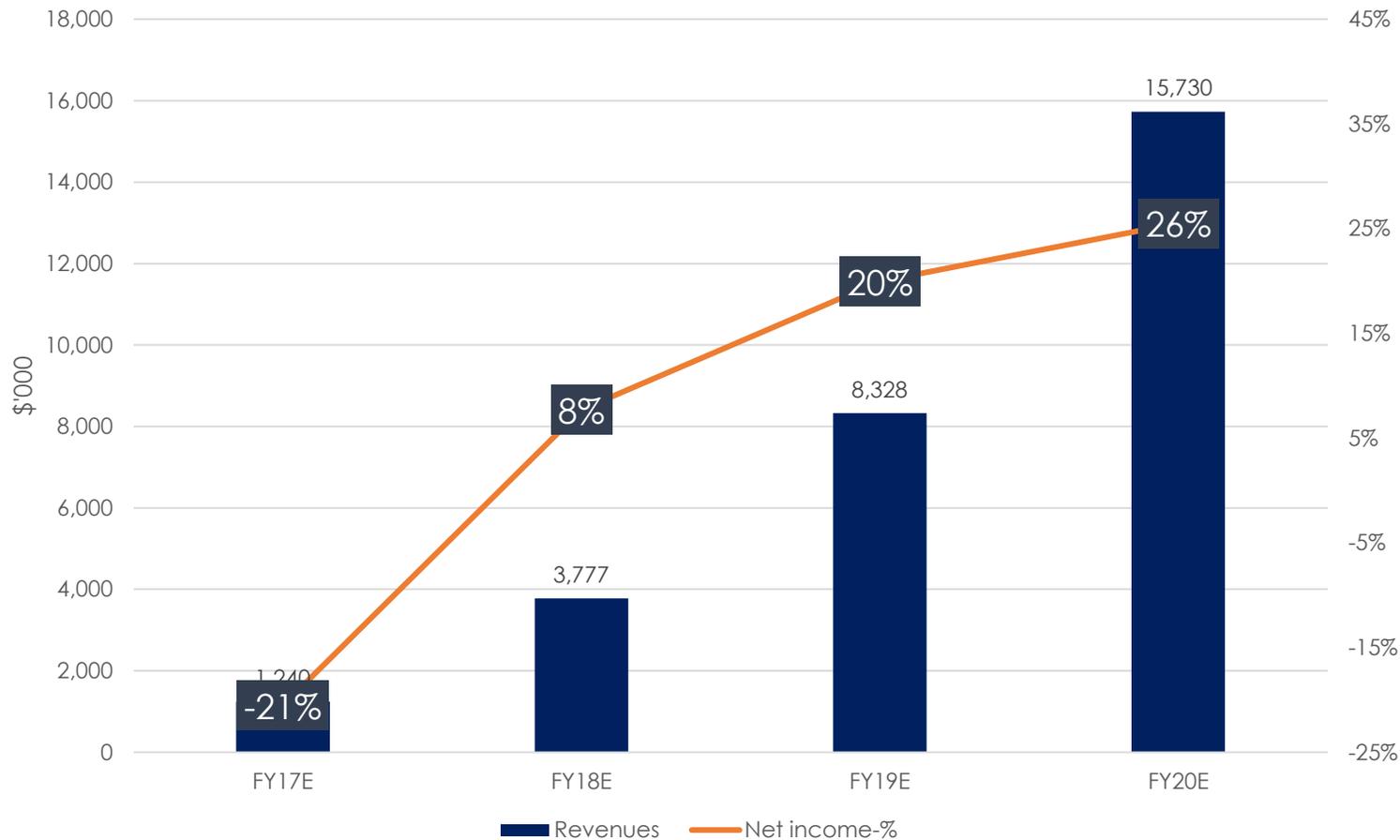
Get flexibility to cash flow management

# Financials

---

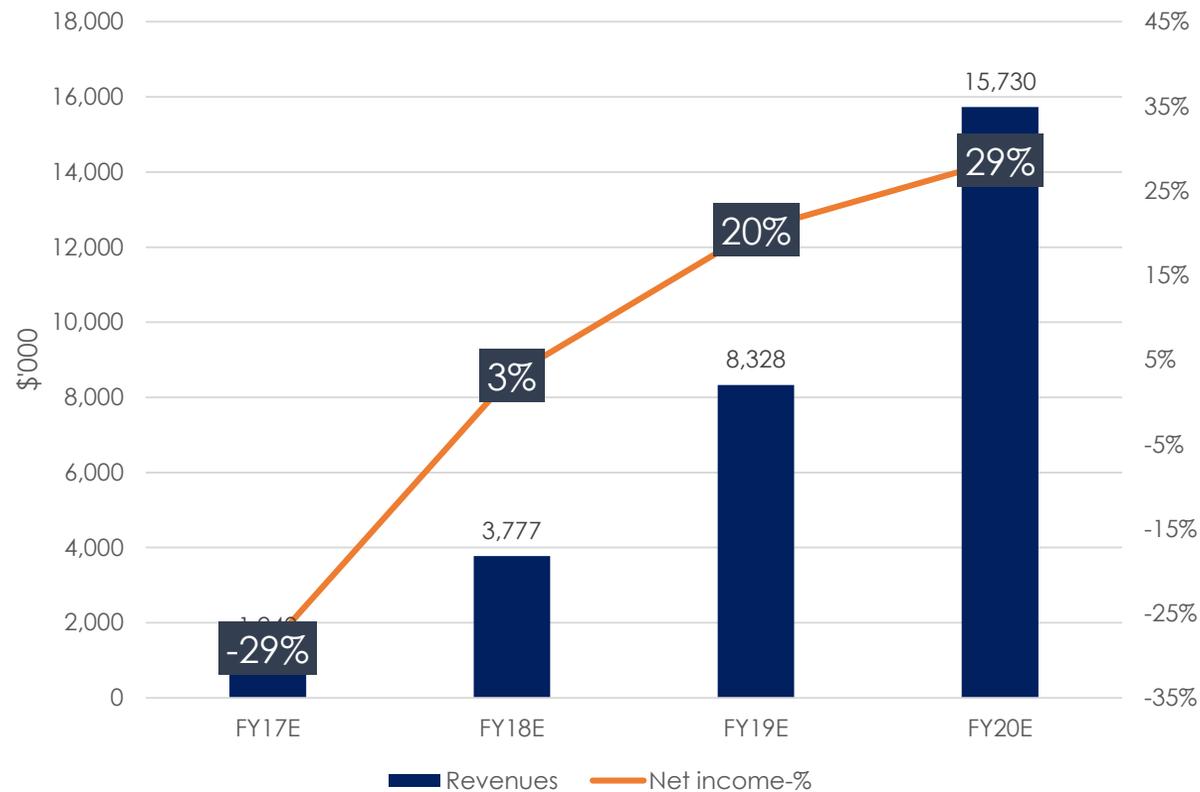
*Kimi*

# Proposed forecast of the revenue growth



Use of proceeds	
\$'000	FY17E
Product Development	229
Sales and Marketing	589
Advertising and Promotion	248
Selling costs	341
Repayment of Existing Debt	134
Contingences	248
<b>Total Proceeds</b>	<b>1,200</b>

# Accelerated growth outlook



Financial Projections				
\$'000	FY17E	FY18E	FY19E	FY20E
<b>Revenues</b>	<b>1,240</b>	<b>3,777</b>	<b>8,328</b>	<b>15,730</b>
COGS	(372)	(982)	(1,999)	(3,146)
Marketing costs	(248)	(500)	(800)	(1,100)
<i>Additional costs</i>	(107)	(81)	(151)	(280)
<i>Lowe's Roaylties</i>	(22)	(66)	(146)	(275)
<i>Start of China Manufacturing</i>	(50)	(10)	0	0
<i>E-Commerce Platform</i>	(35)	(5)	(5)	(5)
<b>Net income</b>	<b>(361)</b>	<b>119</b>	<b>1,700</b>	<b>4,500</b>
<i>Net income-%</i>	<i>-29%</i>	<i>3%</i>	<i>20%</i>	<i>29%</i>

# Risk mitigation

---

*Casimir*

# Key risks and actions to mitigate them

Identified risk	Magnitude	Actions to mitigate
Failure to partner with Lowe	Mid	<ul style="list-style-type: none"><li>• Search for other partners</li><li>• Provide decent royalty fees for Lowe (10% expected to be right rate)</li></ul>
Compiled inventory	Mid/high	<ul style="list-style-type: none"><li>• Utilise multi-channel distribution tactics</li></ul>
Unsuccessful communication of product benefits	Mid	<ul style="list-style-type: none"><li>• Focus on clear communication of value proposition and customer benefits in wide marketing campaigns</li></ul>

# Conclusion

---

*Valtteri*

# Recommended solution: AccelerAid

## Key capabilities

- Easy to install
- Quick delivery
- Compliant code
- Power grip

## Challenges

Financing  
Marketing channels  
Differentiation & positioning  
Business model

*How to capture and finance the substantial growth potential?*

## Solution

Partner up with Lowe to achieve material growth in North America focusing on e-commerce, and relocate the manufacturing to China