

PromenAid

hold on to what matters

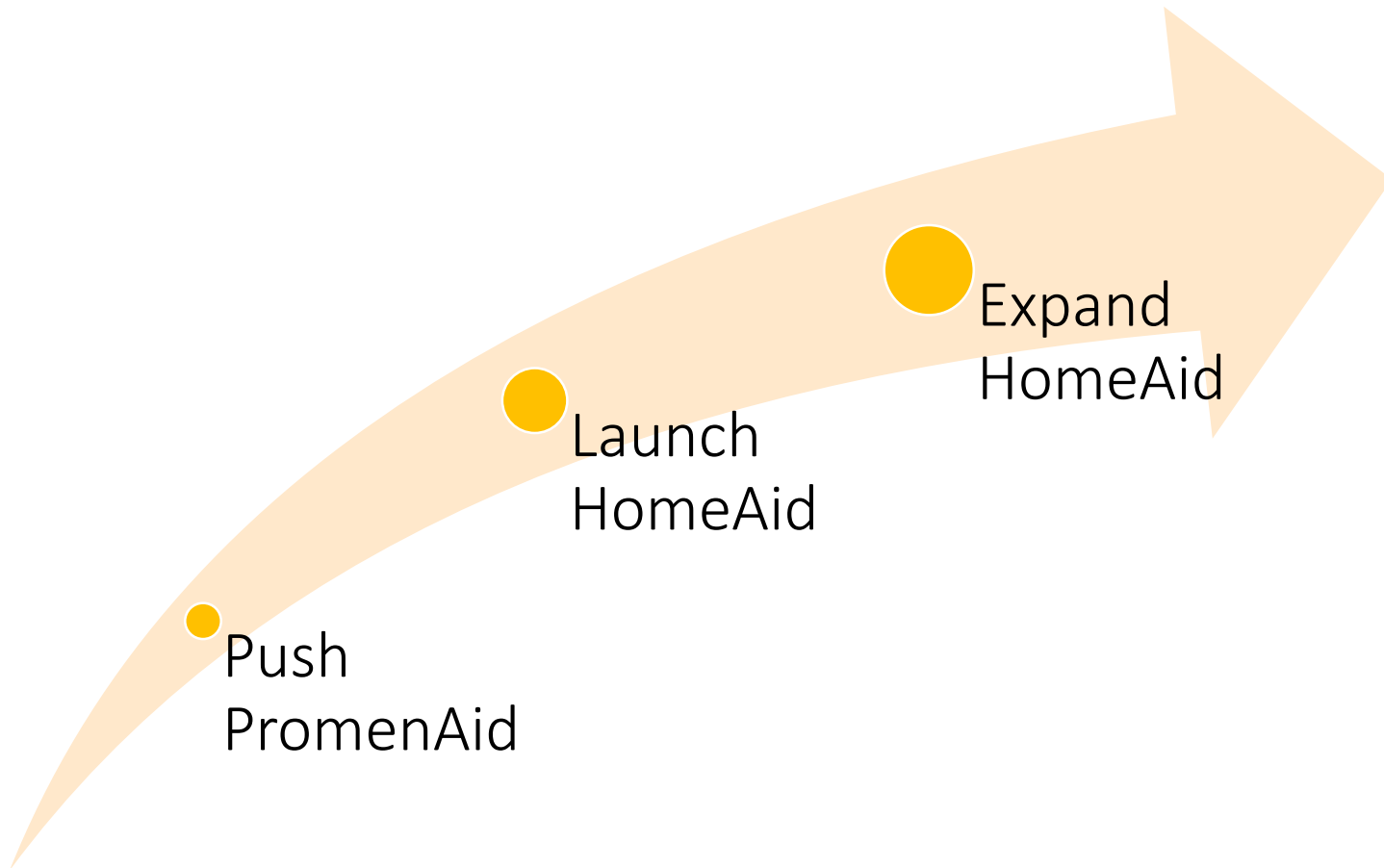
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MANDATE

Advise PromenAid on how to manage current growth while simultaneously positioning the company for long-term success.

THE WAY TO SUCCESS



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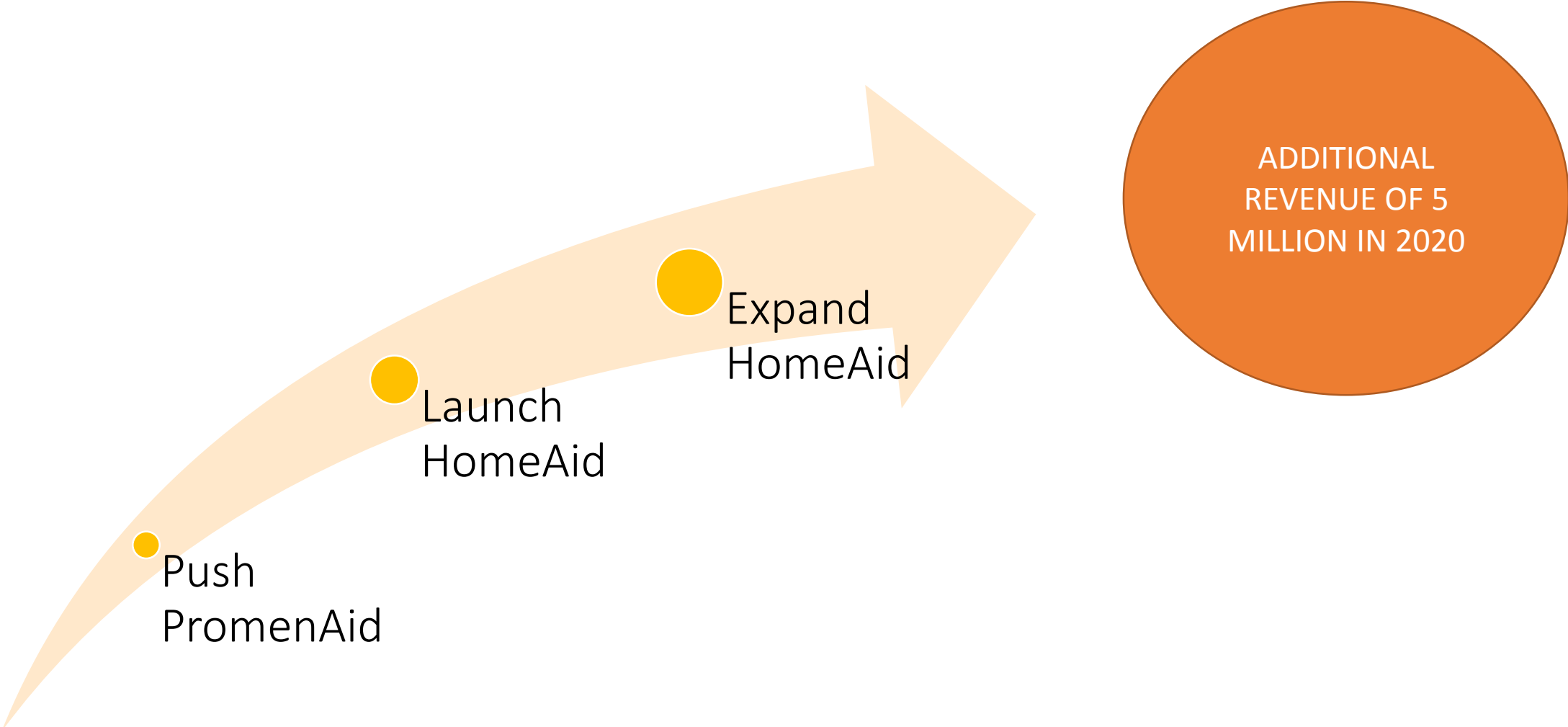
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THE WAY TO SUCCESS



SITUATIONAL ANALYSIS: INTERNAL

STRENGTHS:

- Young and growing company
- Innovative product:
 - Modular handrail
 - Durable
 - Easy to install
 - Suitable inside and outside the home
 - Attractive and sturdy
 - Certified (ADA, IBC)
- No direct competitors

WEAKNESSES:

- Position in the supply chain:
 - Neither producer or retailer
- Limited distribution:
 - Low number of warehouses
 - Canada and US only
 - Online through Amazon, issues with certain sizes
- Not selling to bungalows / flat areas.
- PromenAid unknown and undifferentiated in the mind of the consumer

SITUATIONAL ANALYSIS: EXTERNAL

TRENDS:

- Falls number one cause of accidental death and injury, especially amongst seniors
- Aging population
- Negative stereotype for the product
- When interested, consumers desire strength, ease of installation with minimal disruption, affordability and aesthetics
- Consolidation trend of cutting out the middle-man

INDUSTRY PLAYERS:

Competitors:

- Wooden railings, metal fabricators, hybrids
- Usually not suited for interiors
- Not code compliant
- More substitutes?

Manufacturers:

- Subcontractors for aluminium extrusion and anodization

Retailers:

- Distributors in the home medical equipment sector and Amazon

KEY ISSUES

1st Key Issue

- Differentiation and general product image.

2nd Key Issue

- Distribution challenges.

3rd Key Issue

- Insecure position within supply chain.

KEY ISSUES TO KEY TAKE-AWAYS

1st Key Issue

- Differentiation and general product image.

2nd Key Issue

- Distribution challenges.

3rd Key Issue

- Insecure position within supply chain.

1st Key Take-Away

- Communicate the added value of PromenAid and address the general stigma.

2nd Key Take-Away

- Improve the distribution.

3rd Key Take-Away

- Secure position within the supply chain.

KEY TAKE-AWAYS TO ALTERNATIVES

1st Key Take-Away

- Communicate the added value of PromenAid and address the general stigma.

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1st Alternative

- Sell the business.

2nd Alternative

- Integrate the supply chain backwards and supply directly from manufacturer.

3rd Alternative

- Redefine business model to become a platform.

POSSIBLE ALTERNATIVES & CRITERIA

1st Alternative

- Sell the business.

2nd Alternative

- Integrate the supply chain backwards and supply directly from manufacturer.

3rd Alternative

- Redefine business model to become a platform.

CRITERIA

Best Owner

Growth Potential

Risk

Costs

1ST ALTERNATIVE: SELL THE BUSINESS

BEST OWNER	GROWTH POTENTIAL	RISK	FINANCIAL IMPACT
2	1	5	3
Loss of current knowledge, but possibly more experienced owners with more capital.	None, unless re-invested.	None, as operations are discontinued.	No costs, but no future revenues either.

Where the score ranges from bad (1) to good (5).

TOTAL SCORE OF 11

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2ND ALTERNATIVE: BACKWARDS INTEGRATION

BEST OWNER	GROWTH POTENTIAL	RISK	FINANCIAL IMPACT
3	3	3	2
Maintains current business, yet no experience in manufacturing.	Increases size of business, yet does not create or reach any new markets.	Medium, as no experience as a manufacturing business.	Relatively high purchasing costs. However, potential increase in revenues and reduces costs.

Where the score ranges from bad (1) to good (5).

TOTAL SCORE OF 11

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3RD ALTERNATIVE: BECOME A PLATFORM

BEST OWNER	GROWTH POTENTIAL	RISK	FINANCIAL IMPACT
3	5	3	3
New market, yet PromenAid has current knowledge.	Can grow to serve all current competitors and even other related businesses, reaching an array of new markets.	Medium, new business yet not heavily asset-based.	One-time investment costs and following maintenance costs. However, provides stable and continuous future revenues.

Where the score ranges from bad (1) to good (5).

TOTAL SCORE OF 14

RECOMMENDATION: PLATFORM

“HomeAid”

Develop a platform for industry suppliers and clients, becoming the independent connector for all mobility impairment solutions.

Implementation

How?

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Current Supply Chain



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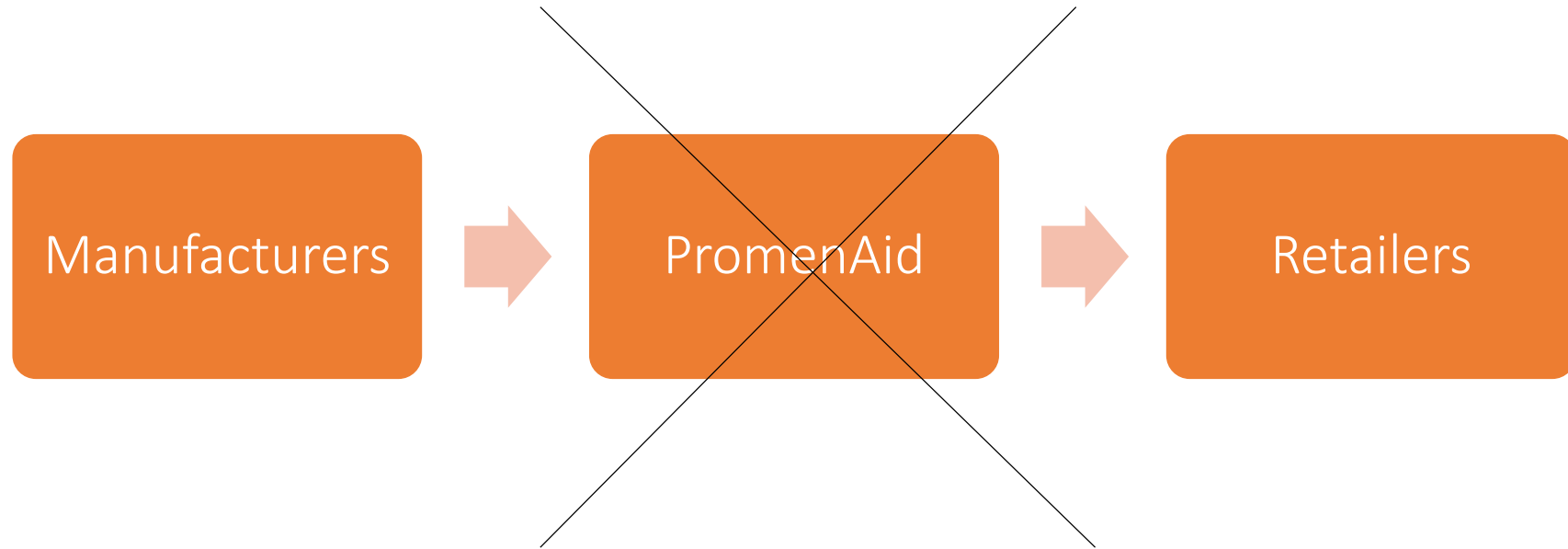
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Future Supply Chain



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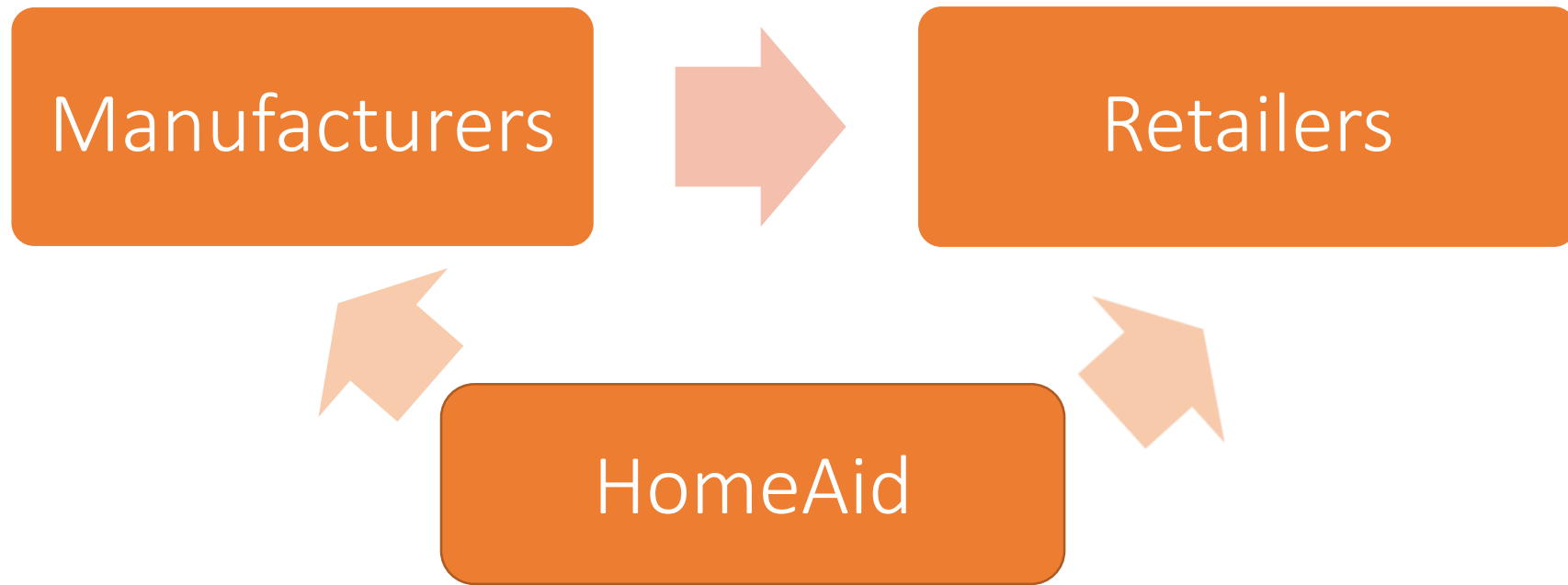
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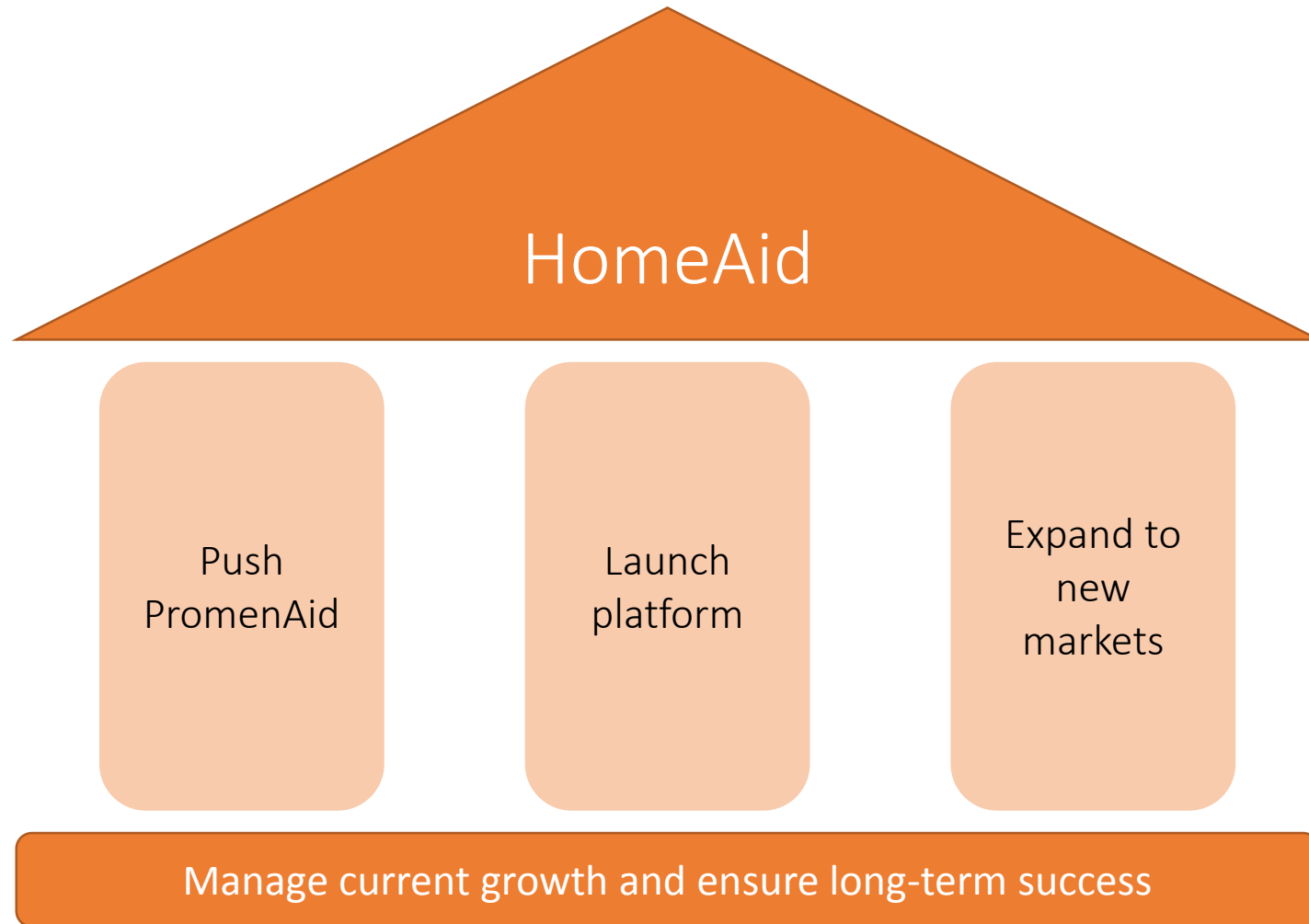
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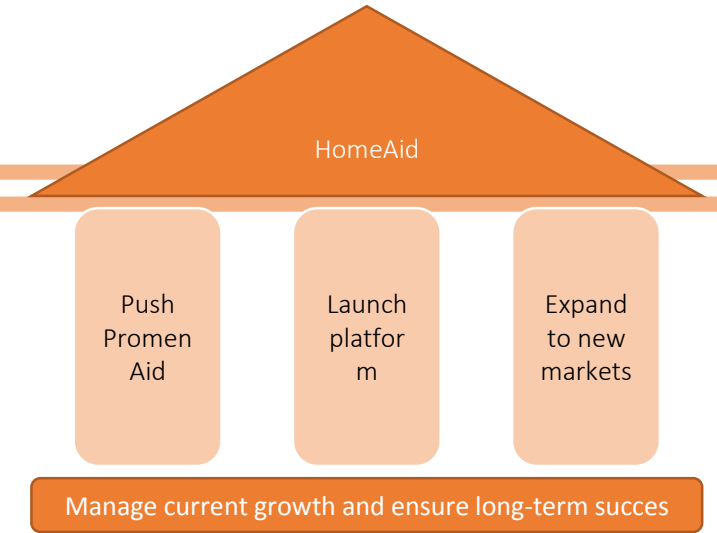
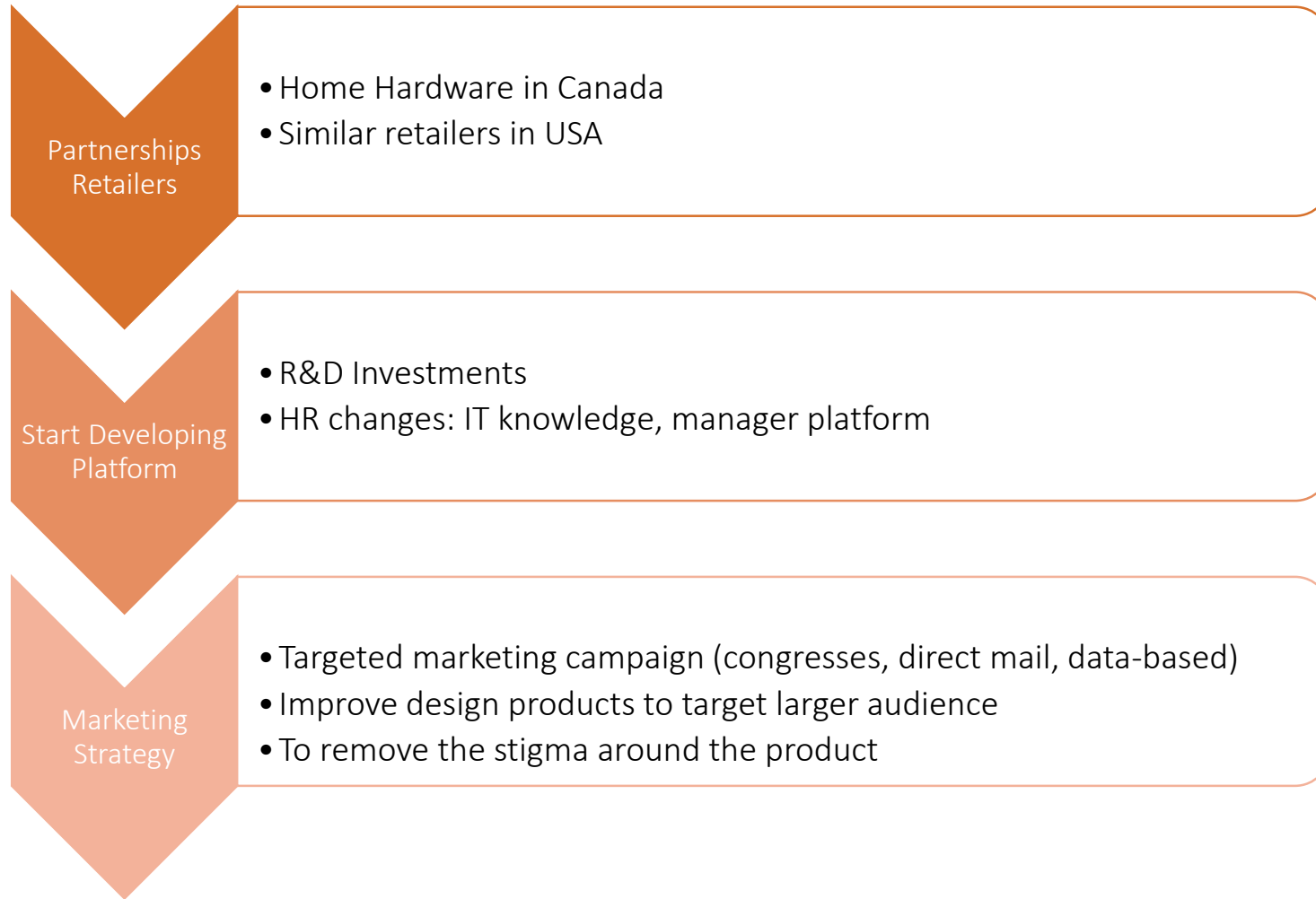
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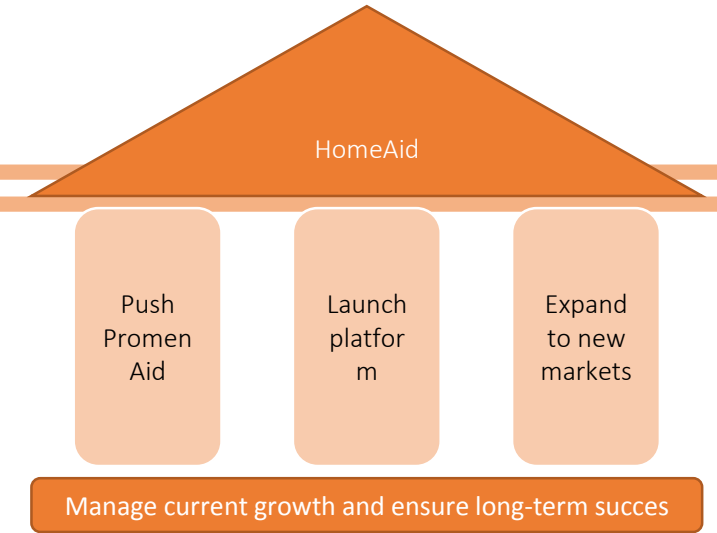
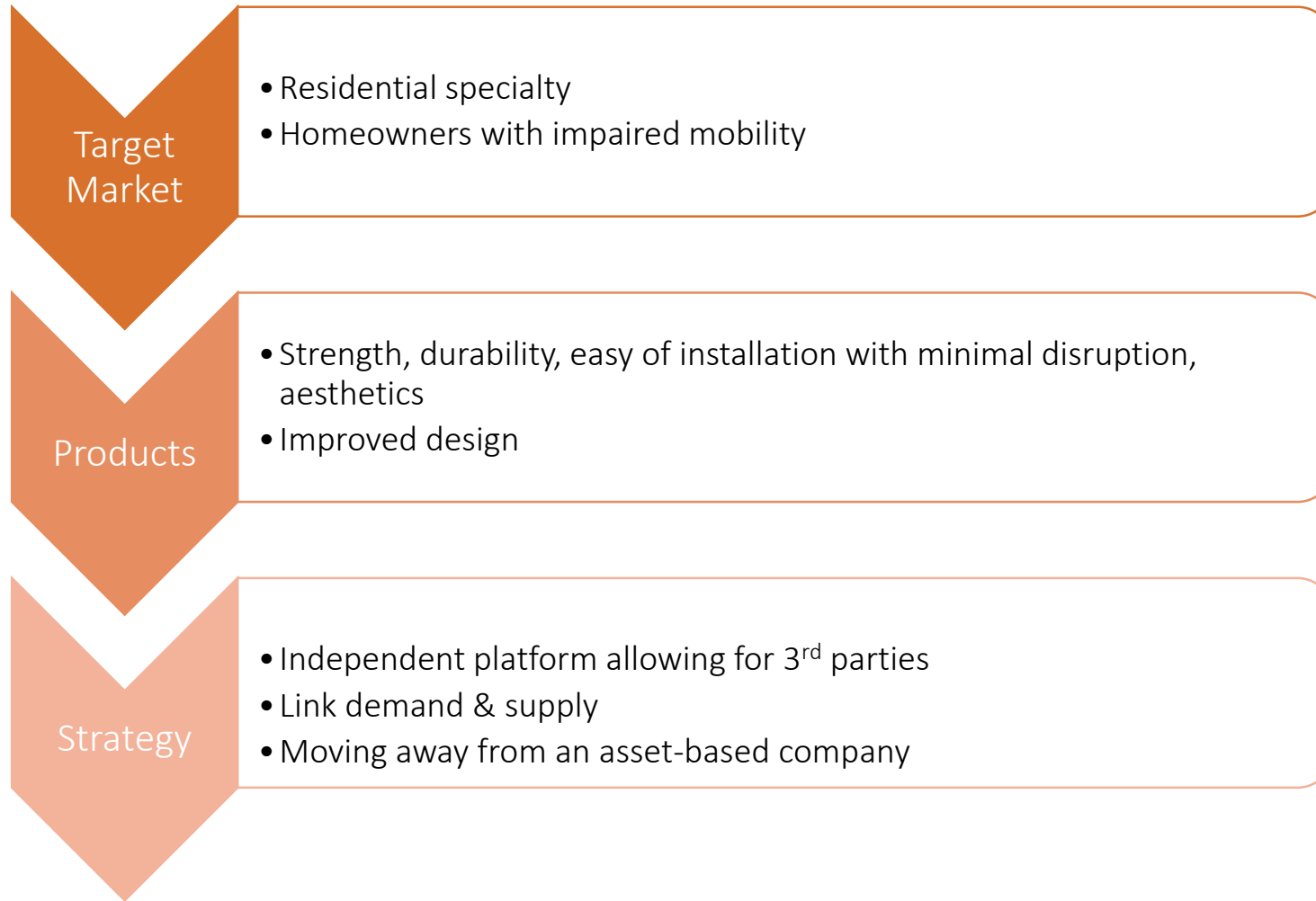
Conclusion

Push PromenAid



Aim: differentiate product, improve brand image and generate revenues to invest for the long-term strategy

Launch Platform HomeAid



Aim: develop a new business model to keep up with changing times

Develop HomeAid & Eventually Divest PromenAid

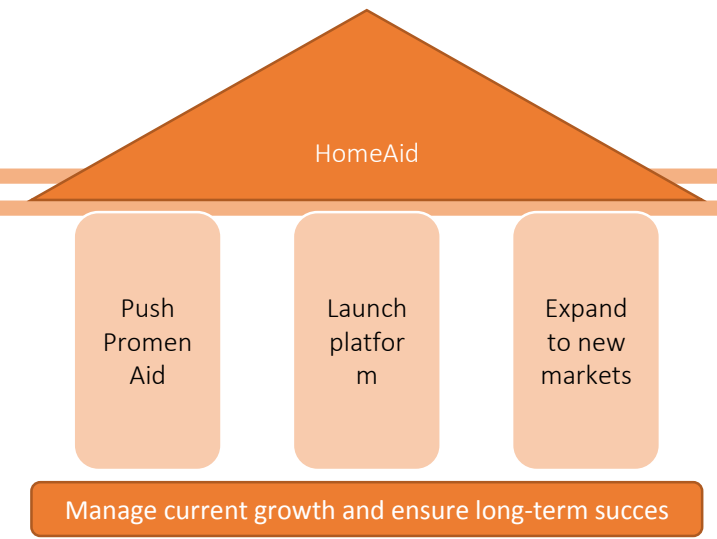


Target Markets

- Develop new markets by expanding product portfolio
- Address commercial specialty markets

Best Ownership

- Evaluate business portfolio
- Divest PromenAid if cash-cow role has been fulfilled and HomeAid is proven successful



HomeAid

Push PromenAid

Launch platform

Expand to new markets

Manage current growth and ensure long-term success

Aim: enter new markets & divest maturing businesses

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Value Chain

Operations

- Transformation towards digital business model
- Facilitating role

Marketing

- Marketing campaign
- Focus on communicating independence & freedom, we are not a stairlift
- Various product designs

Logistics

- Eventually distribution will disappear

HR: Organisational Structure Changes; IT Skills & Chief Platform Officer

Finance: R&D investments financed by short-term growth

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Timeline

Timeline	2017	2020	2022
Partnerships with retailers in Canada and US	X		
Develop platform	X		
Launch platform for residential market 2020		X	
2022 expand platform to commercial markets			X
Evaluate portfolio			X

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Financial assumptions

Financial assumptions

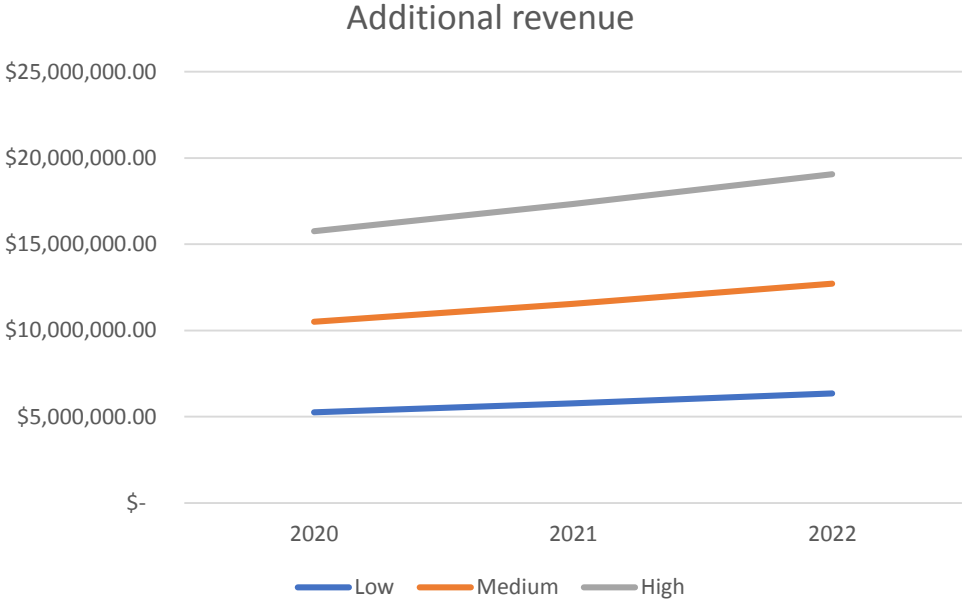
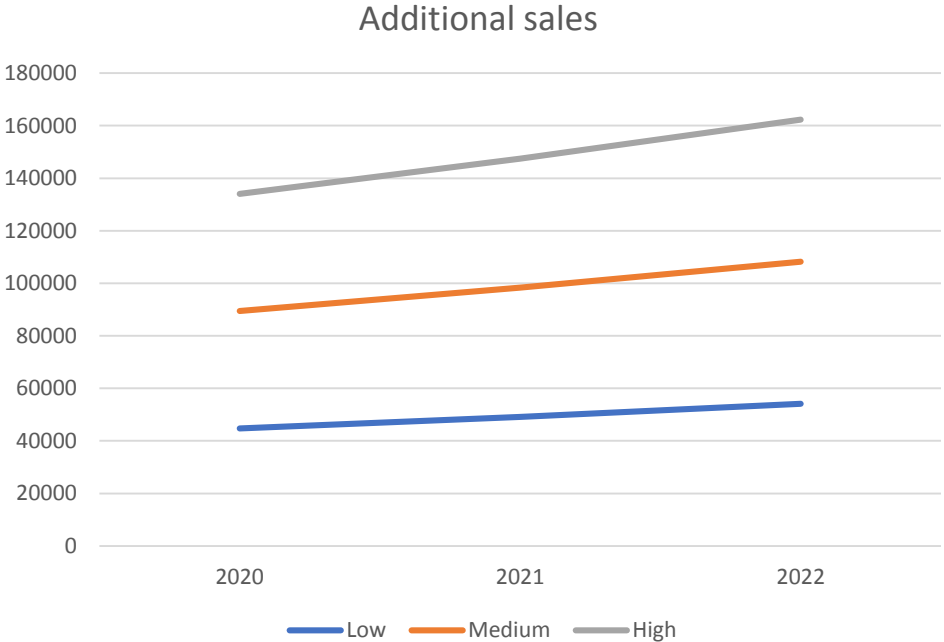
- Target market 44.7 million with mobility impairment or 65+
- Partnerships with retailers will lead to expected growth
- \$500.000 investment in platform
- Yearly maintenance costs 10%
- Yearly R&D costs of platform 10%
- Hire IT specialist \$60.000 a year
- Average price \$112,50 (based on average kit)
- 70% margin own product

Investment

Investment	2017	2018	2019	2020	2021	2022
Development platform	\$ 500,000.00	\$ -	\$ -	\$ -	\$ -	\$ -
Maintenance	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00
R&D	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00
IT specialist	\$ 60,000.00	\$ 60,000.00	\$ 60,000.00	\$ 60,000.00	\$ 60,000.00	\$ 60,000.00
Total	\$ 660,000.00	\$ 160,000.00	\$ 160,000.00	\$ 160,000.00	\$ 160,000.00	\$ 160,000.00

Total investment: \$1.460.000

Additional revenue



Low: 0.1% of 44.7 million
Medium: 0.2% of 44.7 million
High: 0.3% of 44.7 million

6 million in 2022

Financial results

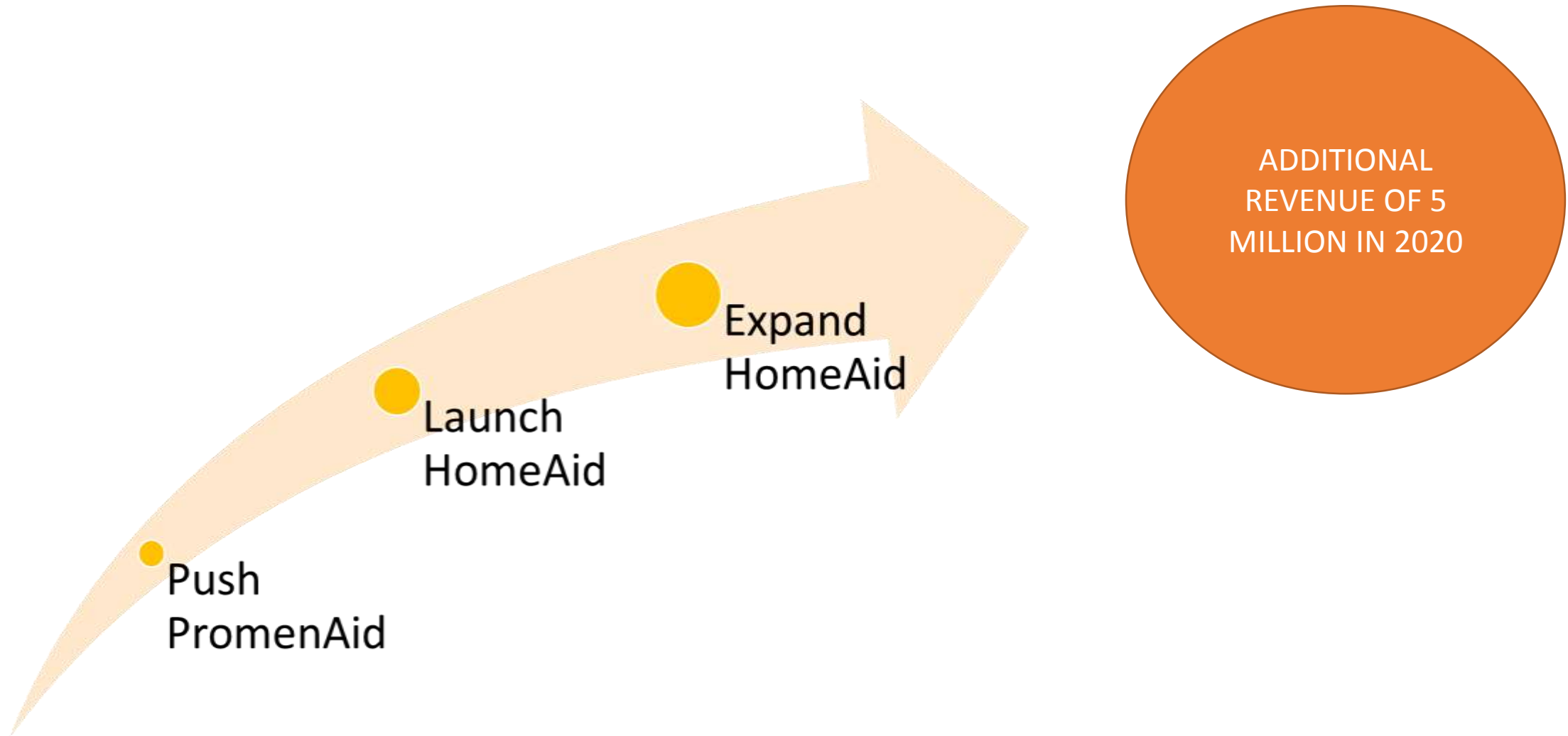
Financial projections	2017	2018	2019	2020	2021	2022
Revenues	\$ 1,240.00	\$ 3,777.00	\$ 8,328.00	\$ 15,730.00	\$ 16,516.50	\$ 17,342.33
Additional revenues	\$ -	\$ -	\$ -	\$ 5,252,250.00	\$ 5,777,475.00	\$ 6,355,222.50
Consolidated revenue				\$ 5,267,980.00	\$ 5,793,991.50	\$ 6,372,564.83
Gross profit	\$ 772.00	\$ 2,366.00	\$ 5,262.00	\$ 10,009.00	\$ 10,509.45	\$ 11,034.92
Additional GP	\$ -	\$ -	\$ -	\$ 3,676,575.00	\$ 4,044,232.50	\$ 4,448,655.75
Consolidated GP				\$ 3,686,584.00	\$ 4,054,741.95	\$ 4,459,690.67
Gross profit %	62%	63%	63%	64%	70%	70%

Investment earned back in 2020

RISKS & THEIR IMPACT

- Platform does not take-off or become successful: High Impact, low probability
- Reluctance of suppliers to use the platform: High Impact, medium probability. Important to really be independent and to claim lower margins than other online retailers such as Amazon

Conclusion



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