

Disrupting the international commodity market

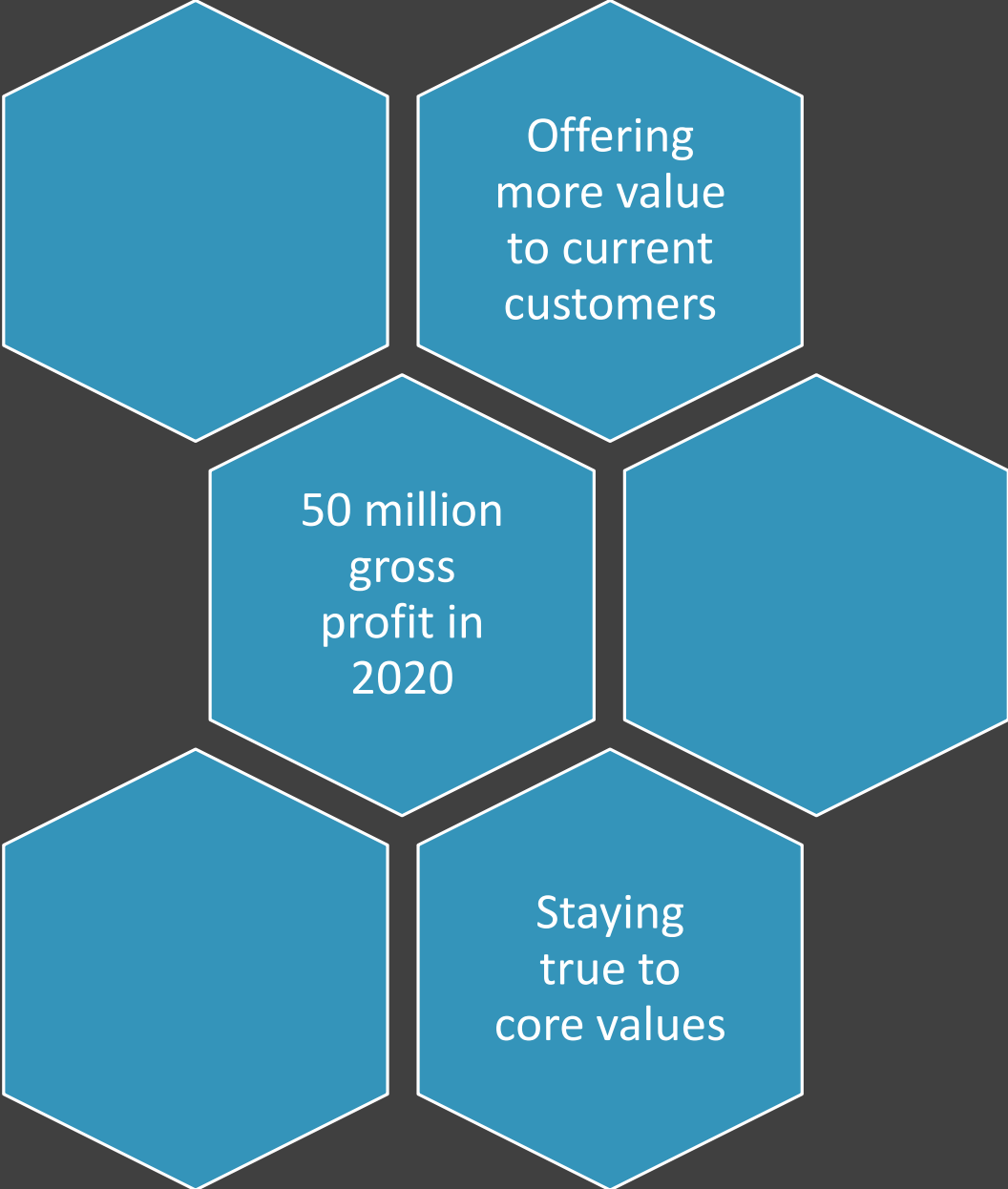
PRESENTERS LUND CONSULTING: TIMOTHY LILJEBRUNN, JESPER
SUNDSTROM, KAISA VAINO, IRIS POLITIEK

PRESENTING TO: MR BOISERLAIR & MR. LOBBE

MAIN CHALLENGE

How can MCGILL StLAURENT effectively leverage human, technological & financial capital to develop the next generation trading?

Imagine this future for McGILL St LAURENT...



OUR
RECOMMENDATION

Establish a trading platform for your customers and integrate suppliers of other commodities to offer a full product portfolio

McGILL StLAURANT trading platform

Material	Quantity	
Wood	_____	BUY
Grain	_____	BUY
Steel	_____	BUY
Lithium	_____	BUY



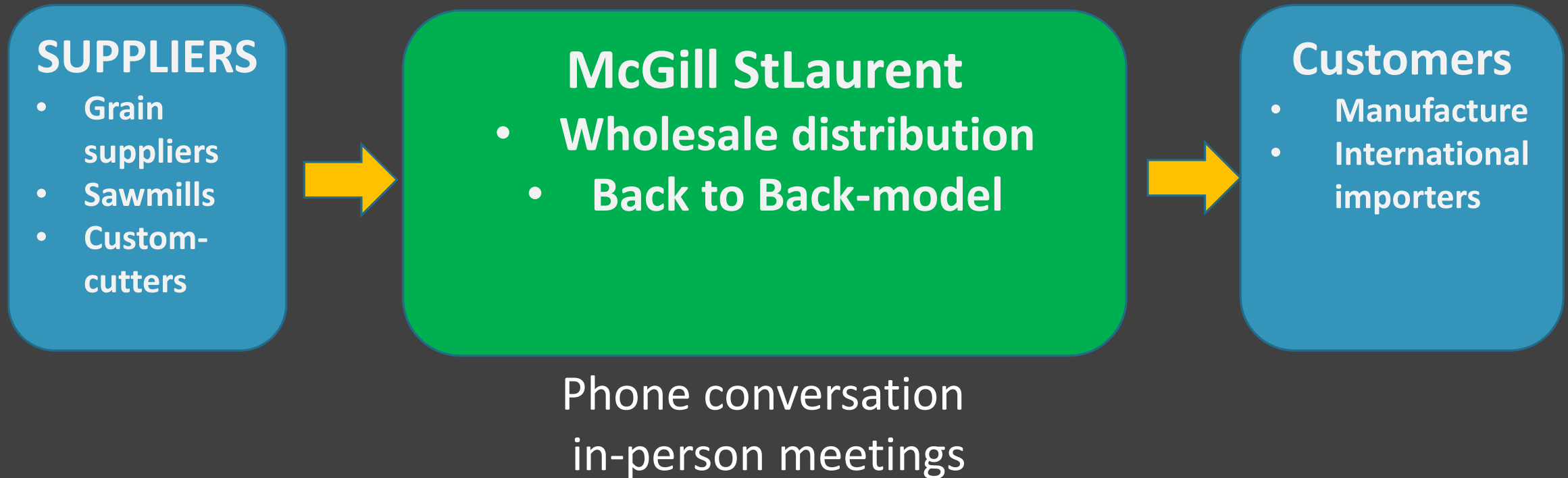
Today's agenda



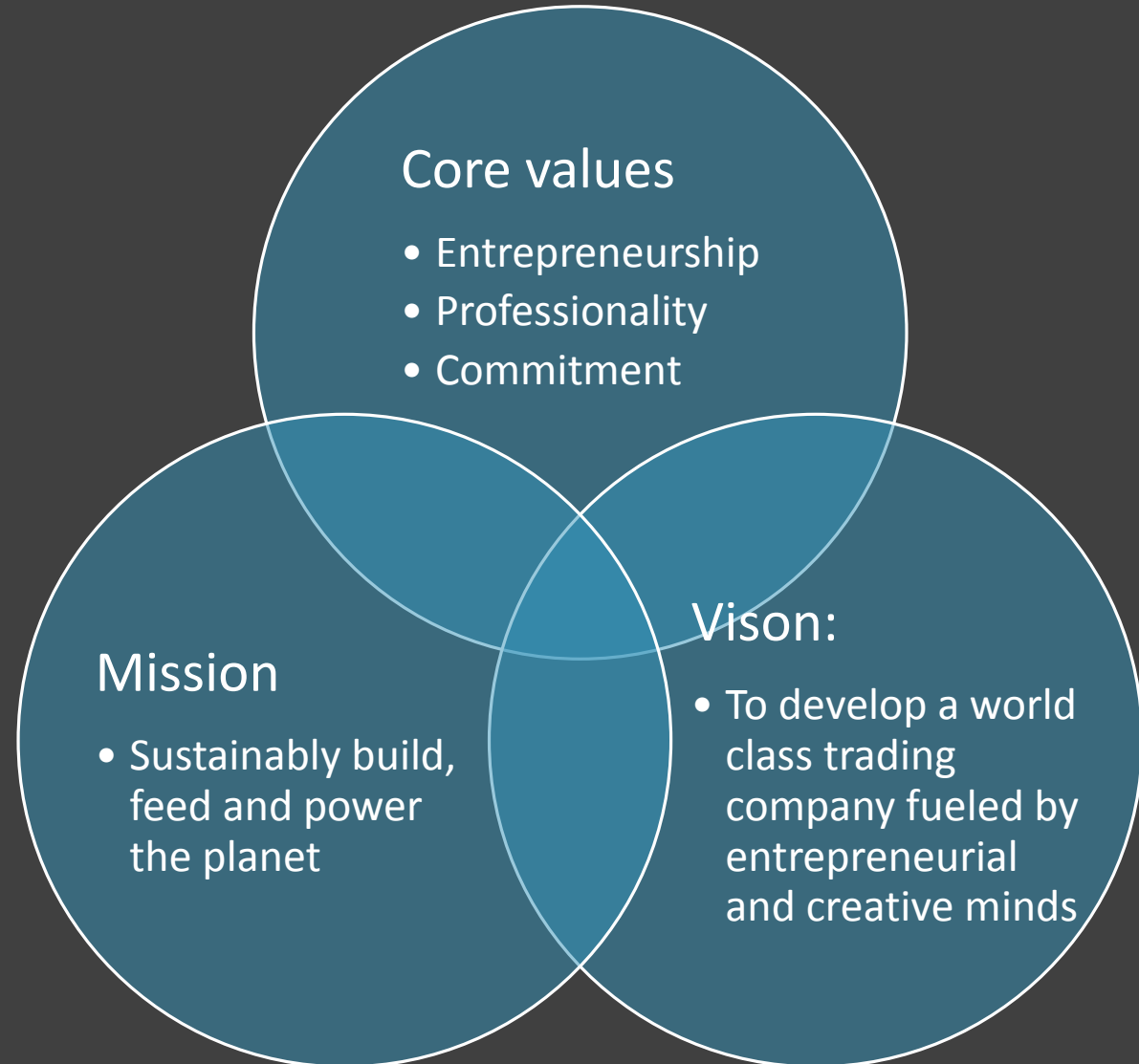
CHALLENGES:

- Unpredictability of product sales
- Disrupt or be disrupted
- Traditionality of trading business
- Labor intensity

Situation – The current business model is done using phones & in person meetings



McGILL StLAURENT



Situation – Pinpointing what kind of business MS is in

“You deliver trades, sales and distribution
of commodities worldwide,
Yet you facilitate world wide business
connections”

Situation – The financial objectives for the future

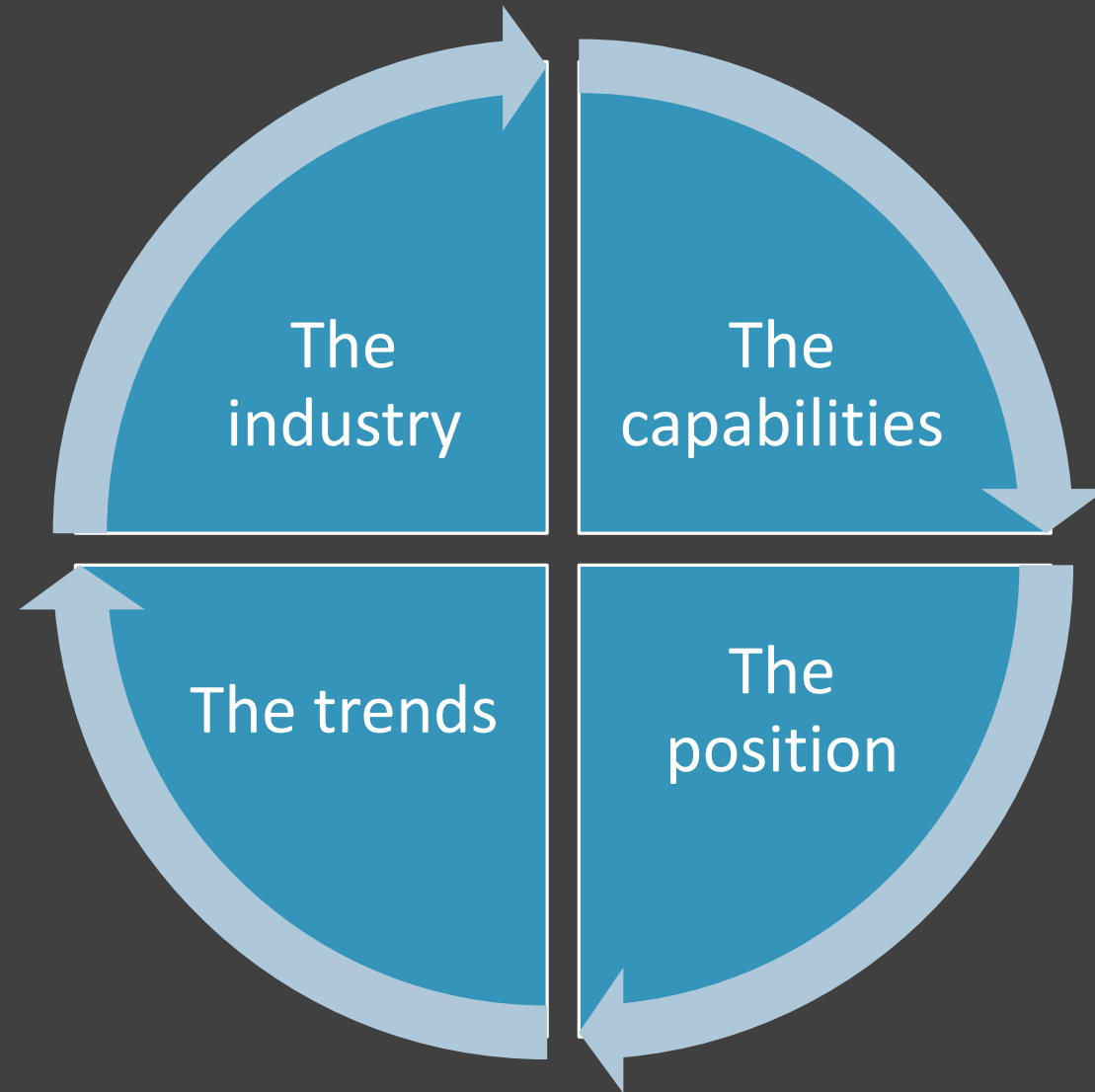
Financial objectives for the future:

\$17-18
million
EBTDA
By 2021

\$50 million
gross profit
By 2020

\$200
million by
2018

Analysis – Four important areas to analyze



Situation

Analysis

Recommendation

Implementation

Financials

Risks

Conclusion

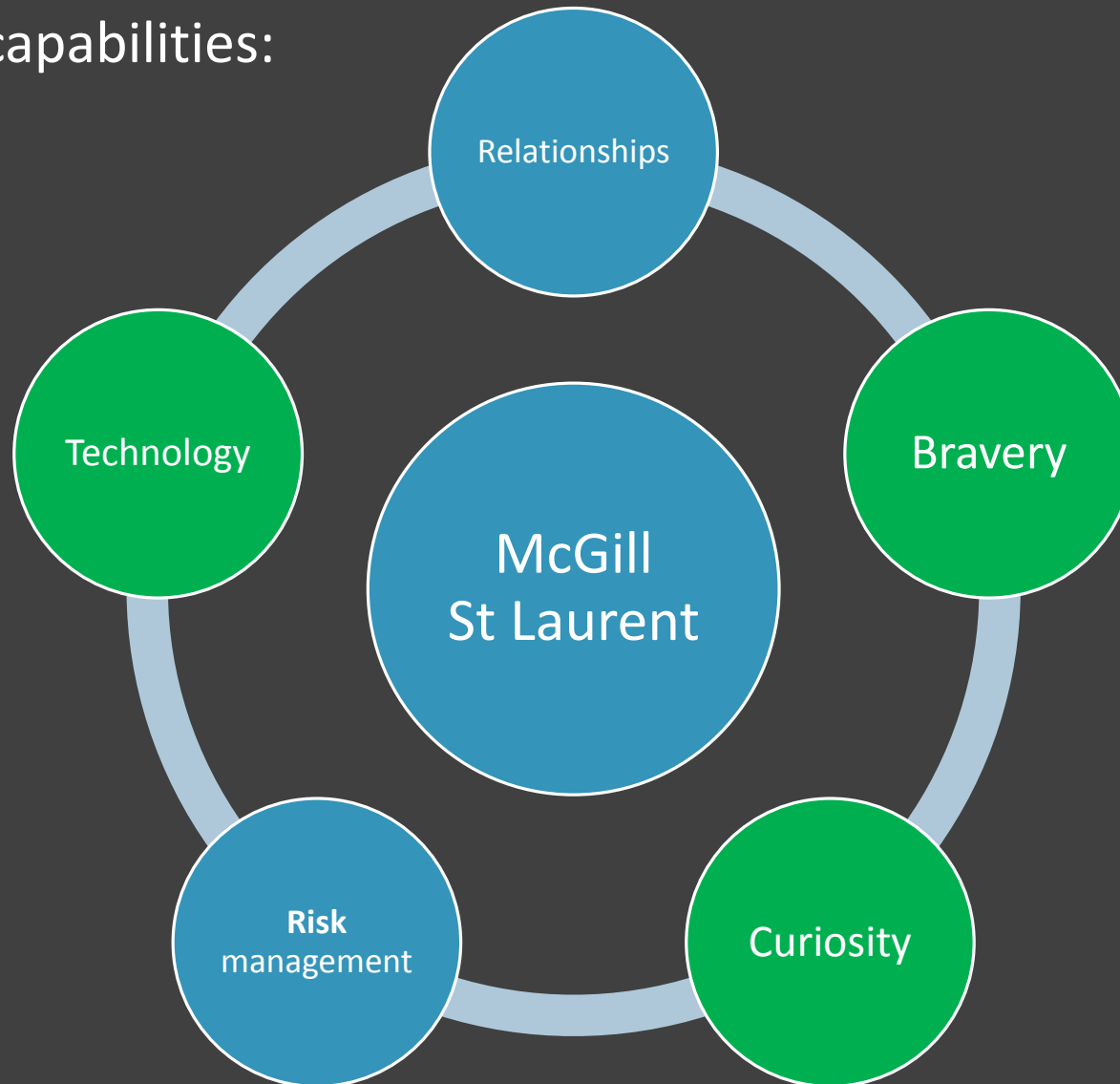
Analysis – Different characteristics of different areas

Overview of the industries

	Wood	Architectural wood	Grain	Energy
market	B2b	b2b & b2c	B2b	b2b
Margins	Low	High	Low	High
volumes	High	Low	High	Mod
Competition	High	Mod	High	High
Barriers to entry	Low	Mod	Low	high
Trend	Positive	Volatile	Positive	Volatile

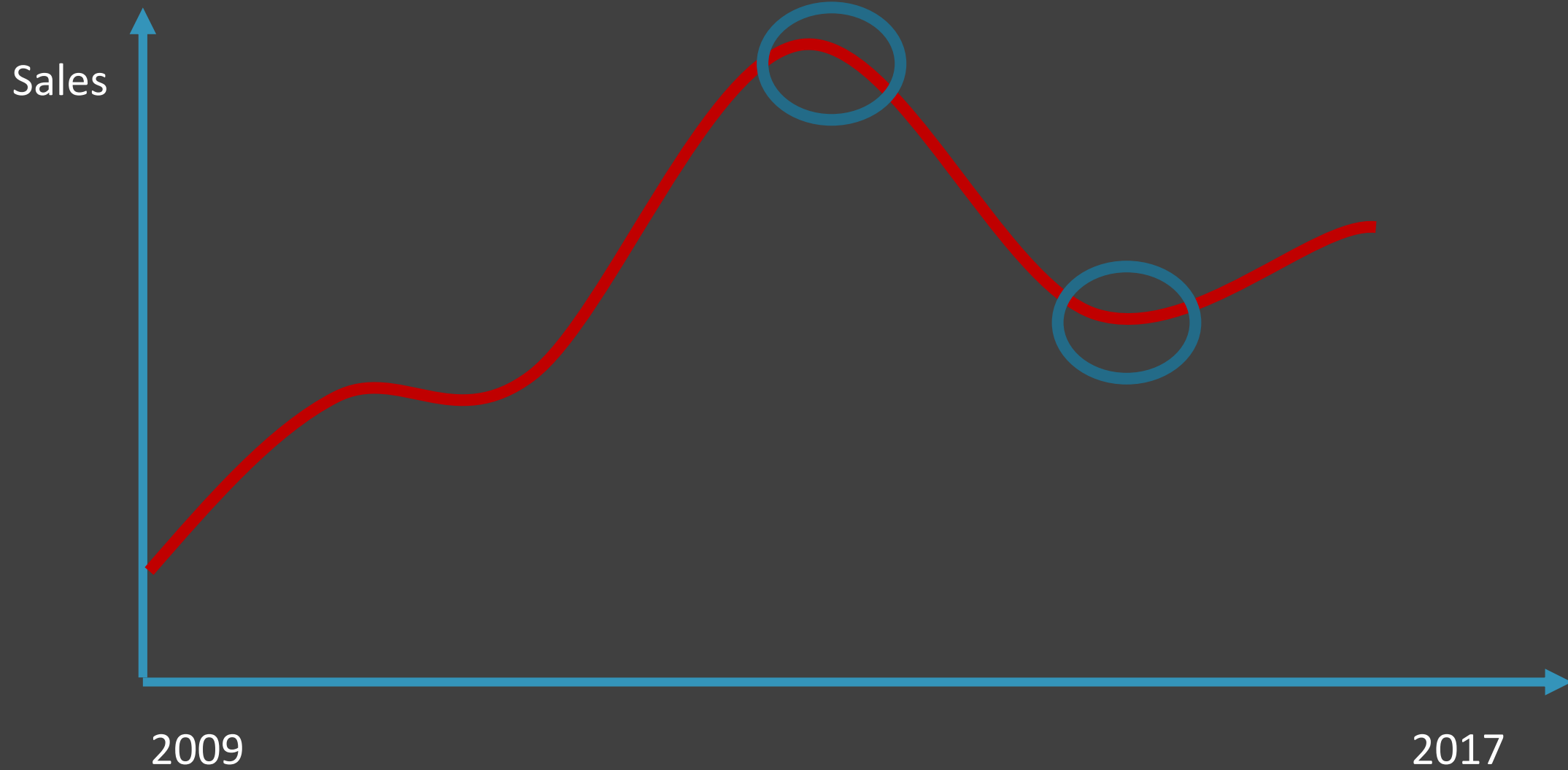
Analysis – Strong current capabilities that could be an advantage in current industry

Current capabilities:



Valuable
Rare
Costly to imitate
Organized

Analysis – Sales are currently fluctuating



Situation

Analysis

Recommendation

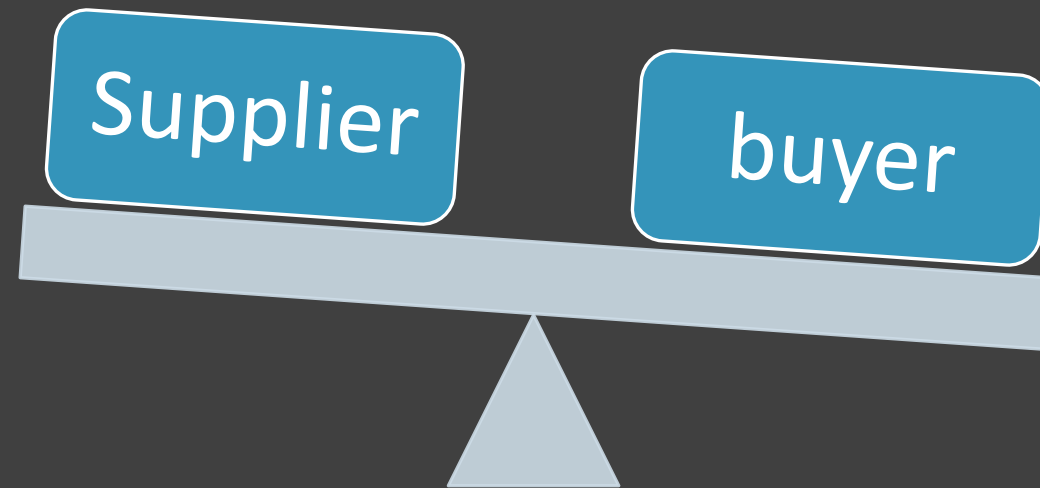
Implementation

Financials

Risks

Conclusion

What makes markets disrupt?

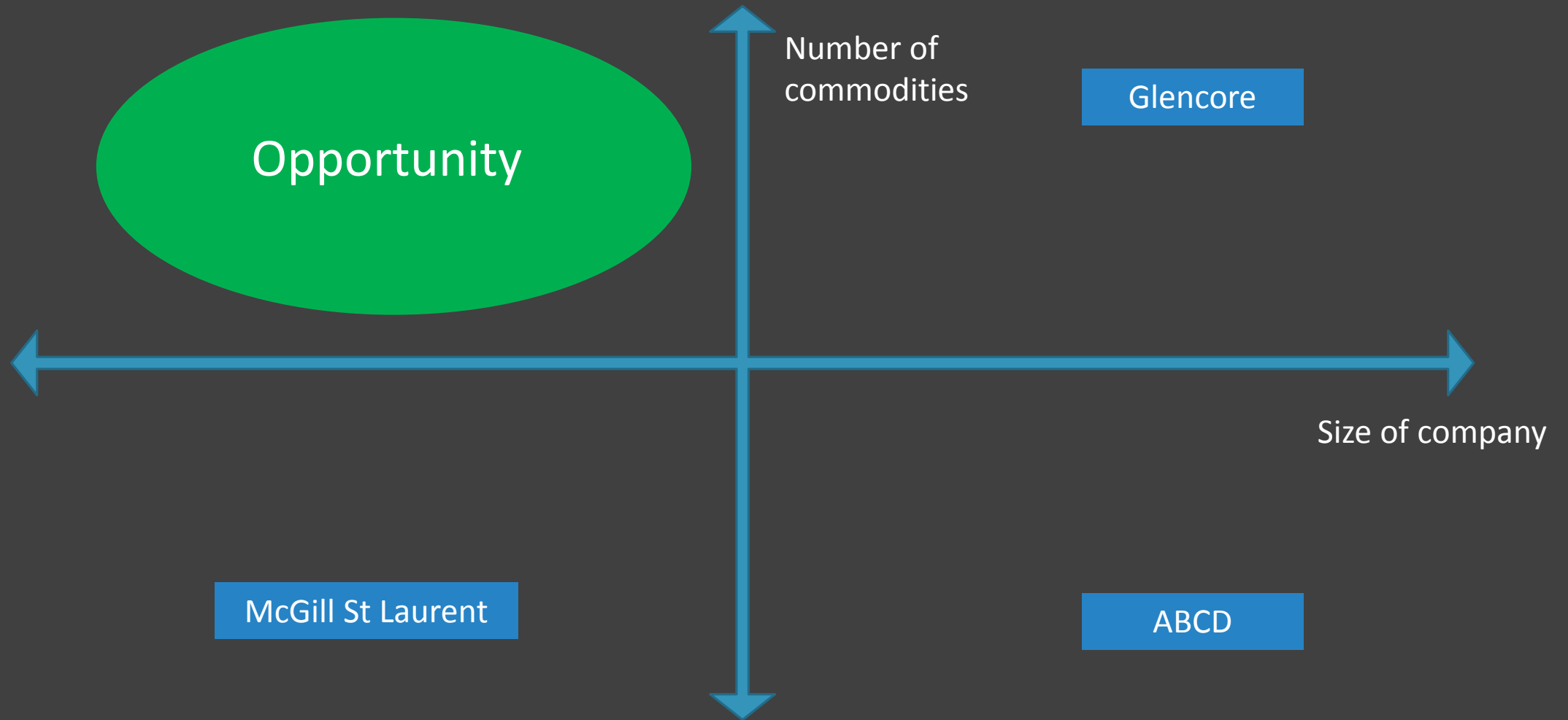


Reducing the value of the middle man

Who becomes the winner?

The one who provides the accessibility

Analysis – Move to a more attractive position in the market



Situation

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Conclusion

Recommendation

MAIN CHALLENGE

How can MCGILL StLAURENT effectively leverage human, technological & financial capital to develop the next generation trading?

Recommendation

1

Establish a trading platform for your customers and integrate suppliers of other commodities to offer a full product portfolio

2

Expand the current business to other geographical areas

3

Expand the current business by hiring more talents

Recommendation

1

Growth potential

2

Competitive advantage

3

Profitability

4

Investment

Situation

Analysis

Recommendation

Implementation

Financials

Risks

Conclusion

Recommendation – Trading platform is the superior choice

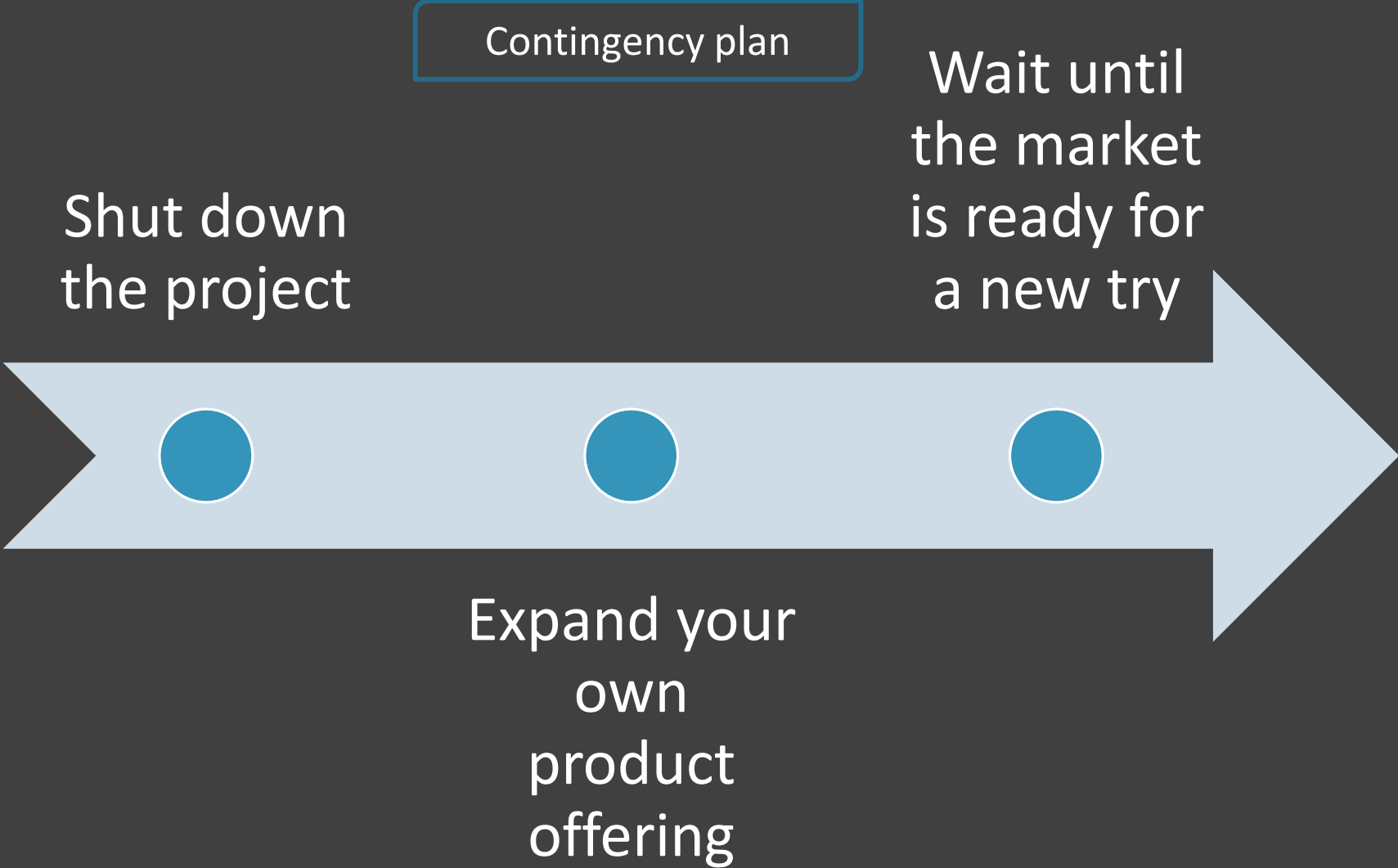
	Trading platform	Geographical expansion	Hire talents
Ggrowth	3	2	1
Ccompetitive advantage	3	1	2
Pprofitability	2	1	3
investment	3	1	2
	SUM: 11	SUM: 5	SUM: 8

Recommendation

OUR RECOMMENDATION

Establish a trading platform for your customers and integrate suppliers of other commodities to offer a full product portfolio

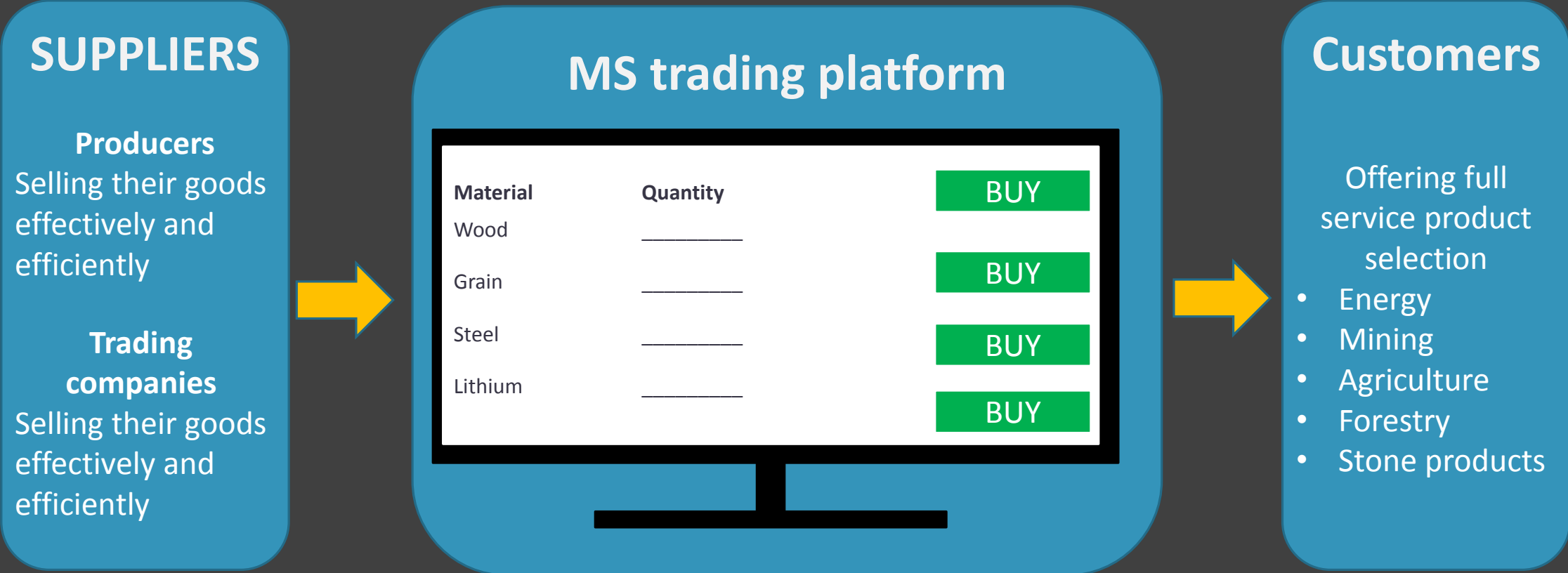
Recommendation – A contingency plan if the original strategy does not go well



“Establish a trading platform for your customers and integrate supplies of other commodities to offer a full product portfolio”

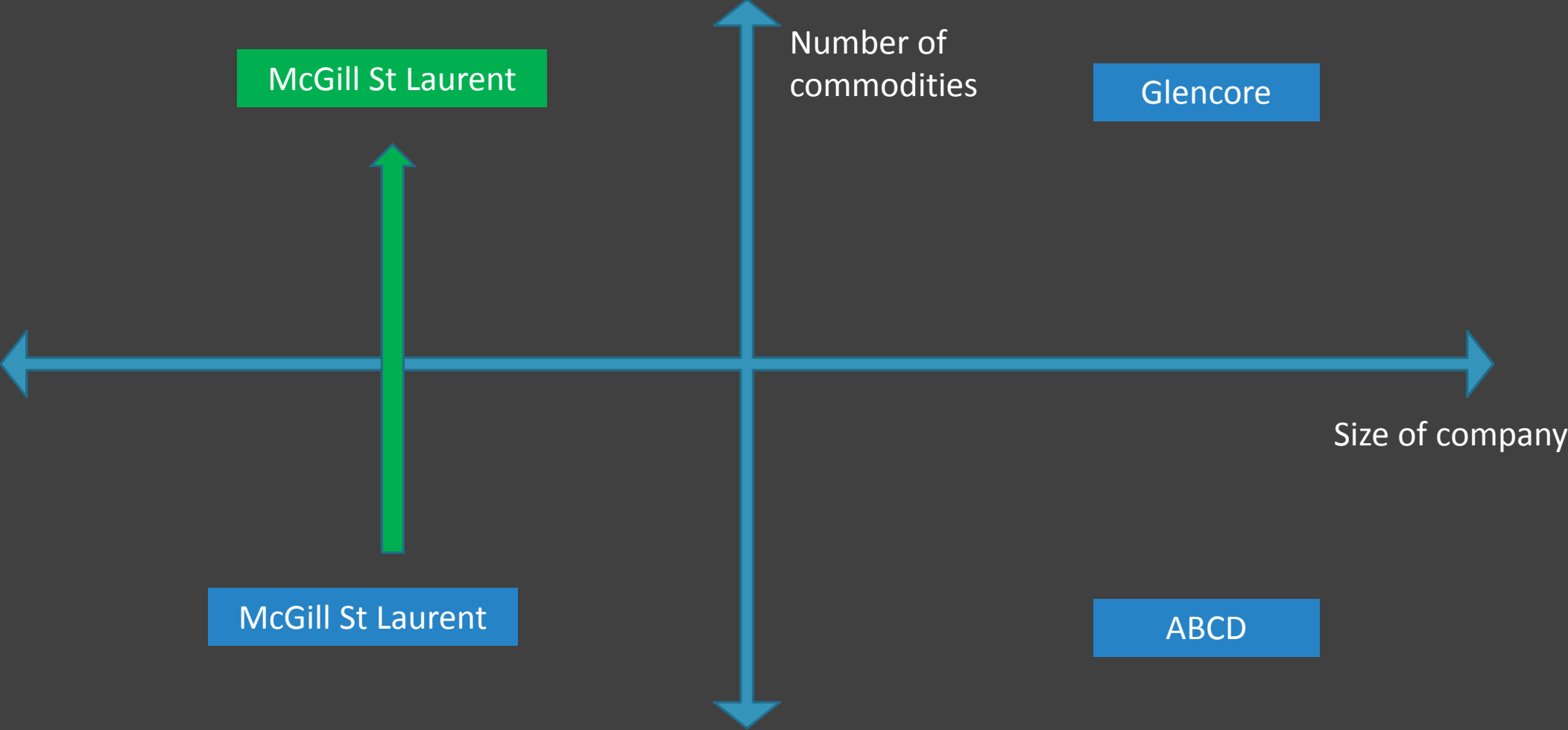
- Implementing trading platform
- Higher volume trading
- Automating commodity connection
- Using customer data to predict commodity sales
- Tools to identify future growth opportunities

Implementation – The MS automated trading platform to connect commodities 2.0



Collect customer data to predict commodity sales to optimize to optimize and to identify new opportunities

Implementation – Move to a more attractive position in the market



Implementation – value proposition of digitally innovating the day-to-day-trading

For whom

- Industrial manufactures professionals (and customers) and buyers

In the market of...

- Commodity trading

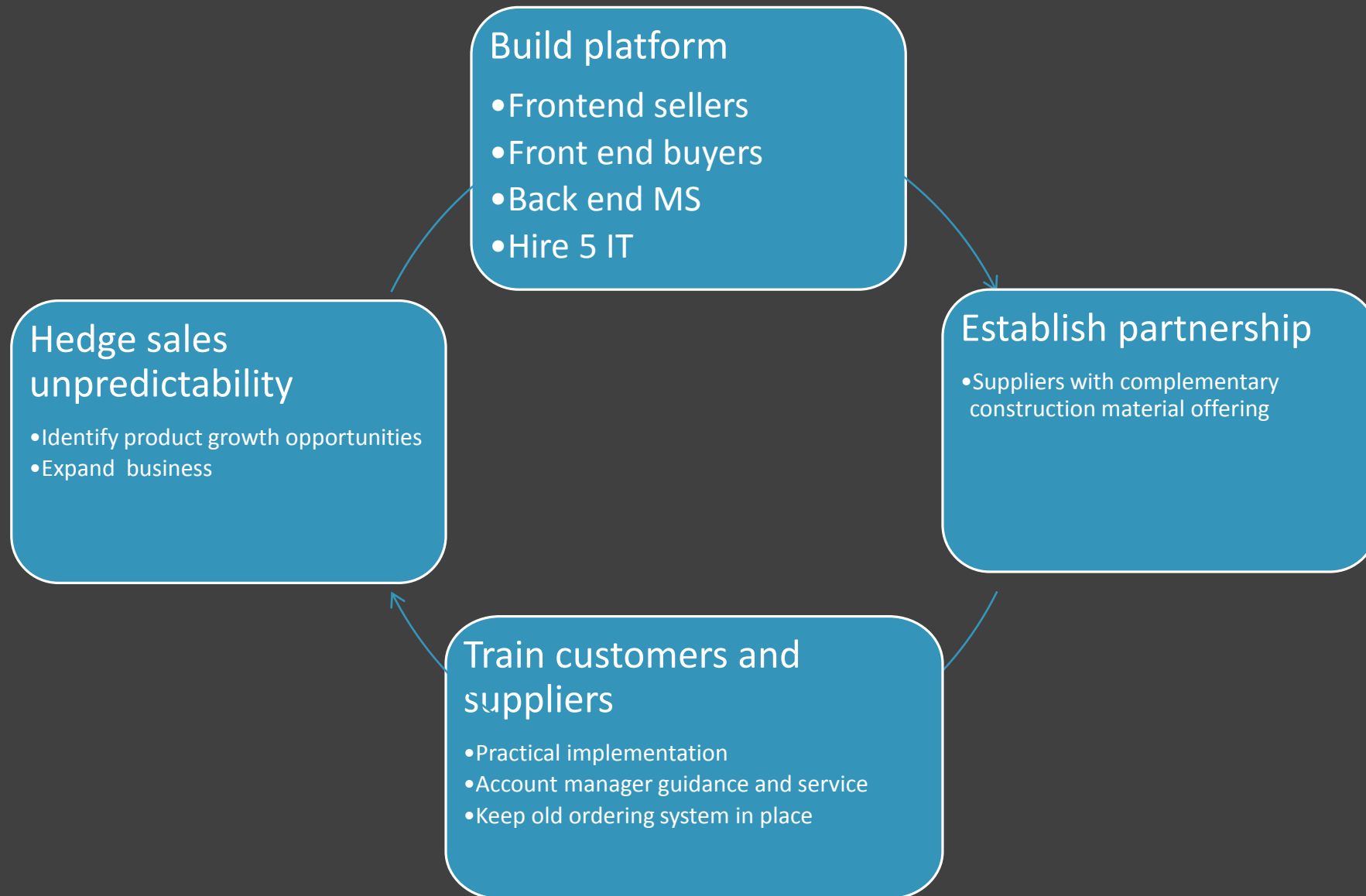
Promising

- Export, custom transformation and storage solutions

Proven by

- Financial success
- Long-lasting relationship
- State of the art tech solutions
- Entrepreneurial approach
- Strong brand image

Implementation – Continuous implementation cycle



Situation

Analysis

Recommendation

Implementation

Financials

Risks

Conclusion

Implementation – New offerings on the platform



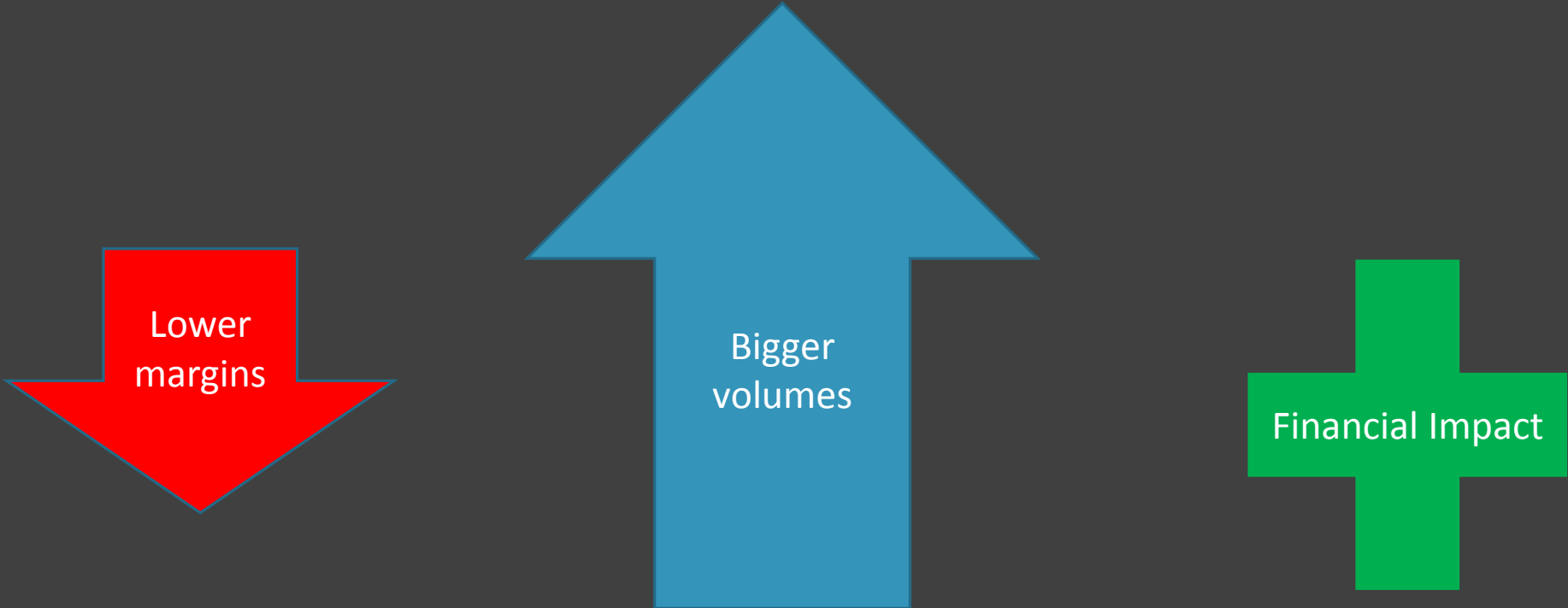
Implementation – Solving all challenges

- Unpredictability of product sales
- Disrupt or be disrupted
- Traditionally of trading business
- Labor intensity

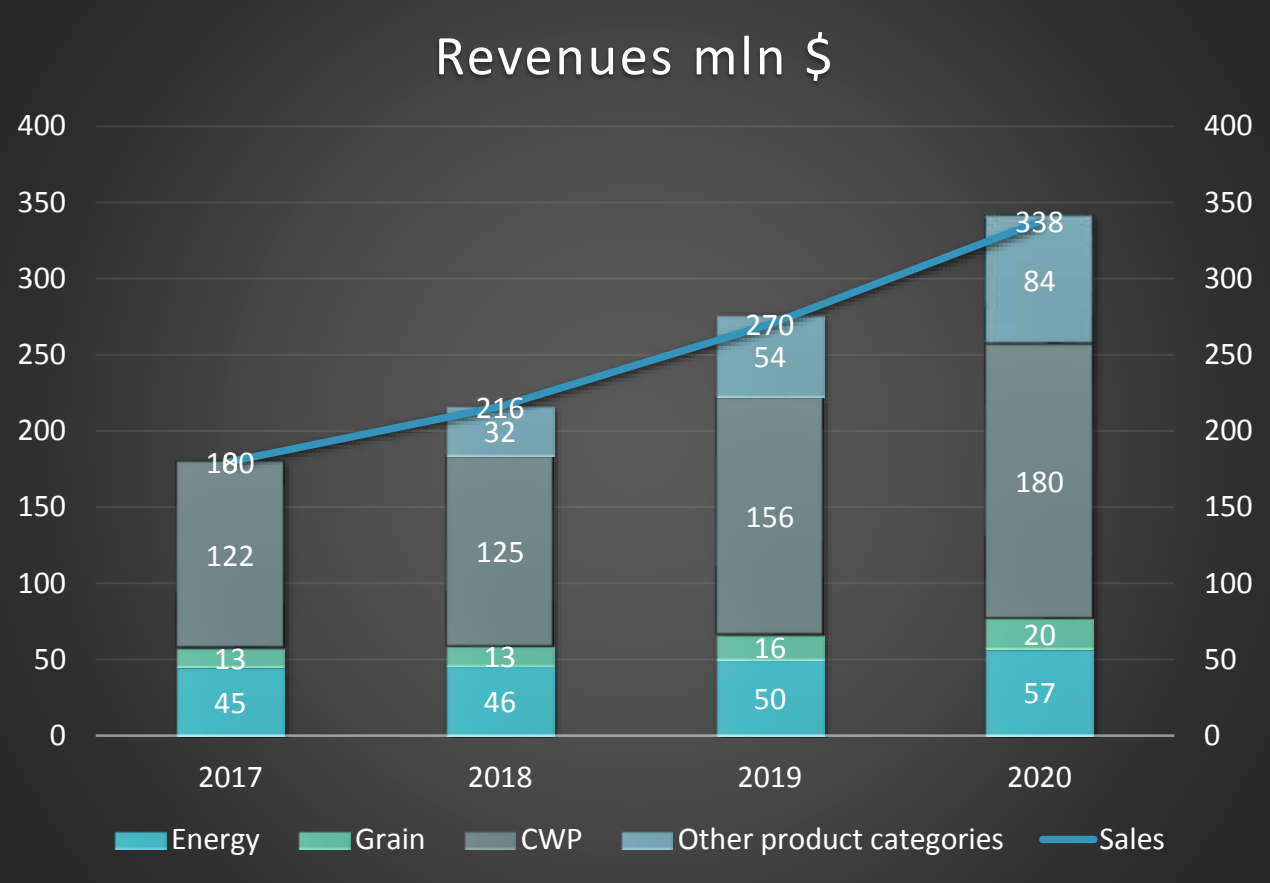
Implementation - Reaching 15 gross profit million by 2020

	2018	2019	2020	2021	2022
Hire 5 IT staff					
Build platform					
Establish partnership					
Train suppliers					
Roll out					
Collect data					
Identify product opportunities					
Expand product portfolio					

Financials



Financials



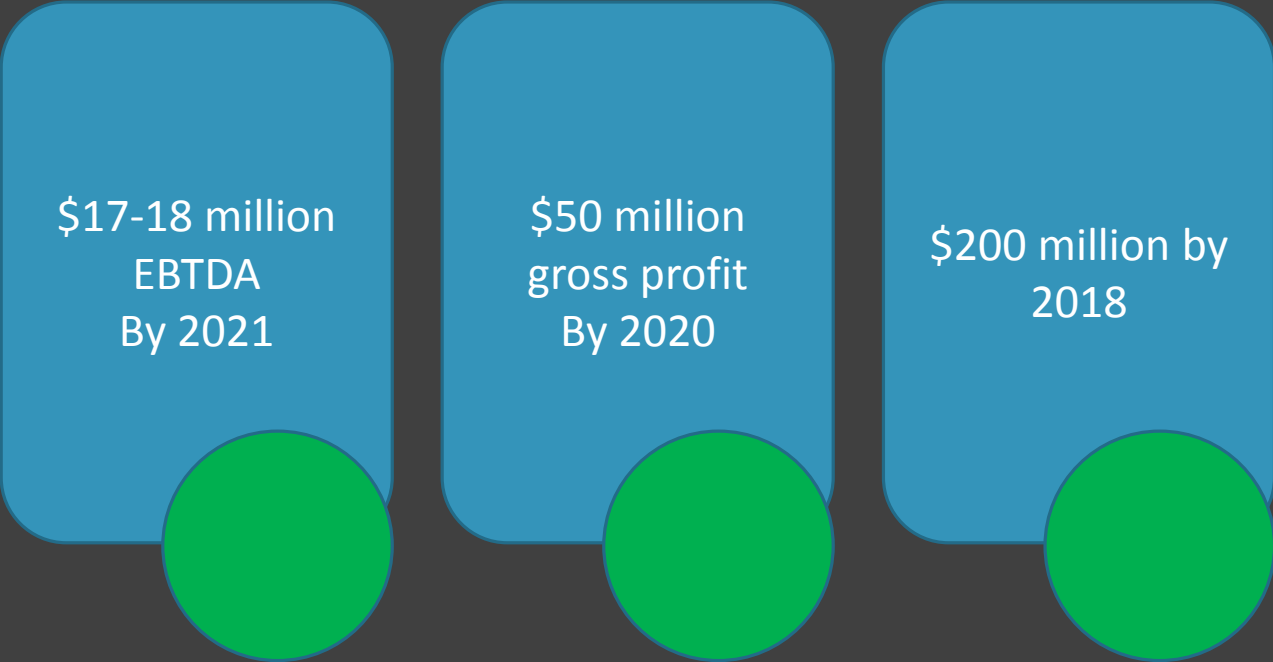
Product diversity fuelling the growth, **20% of revenues from other categories by 2020**

Financials – Investment costs

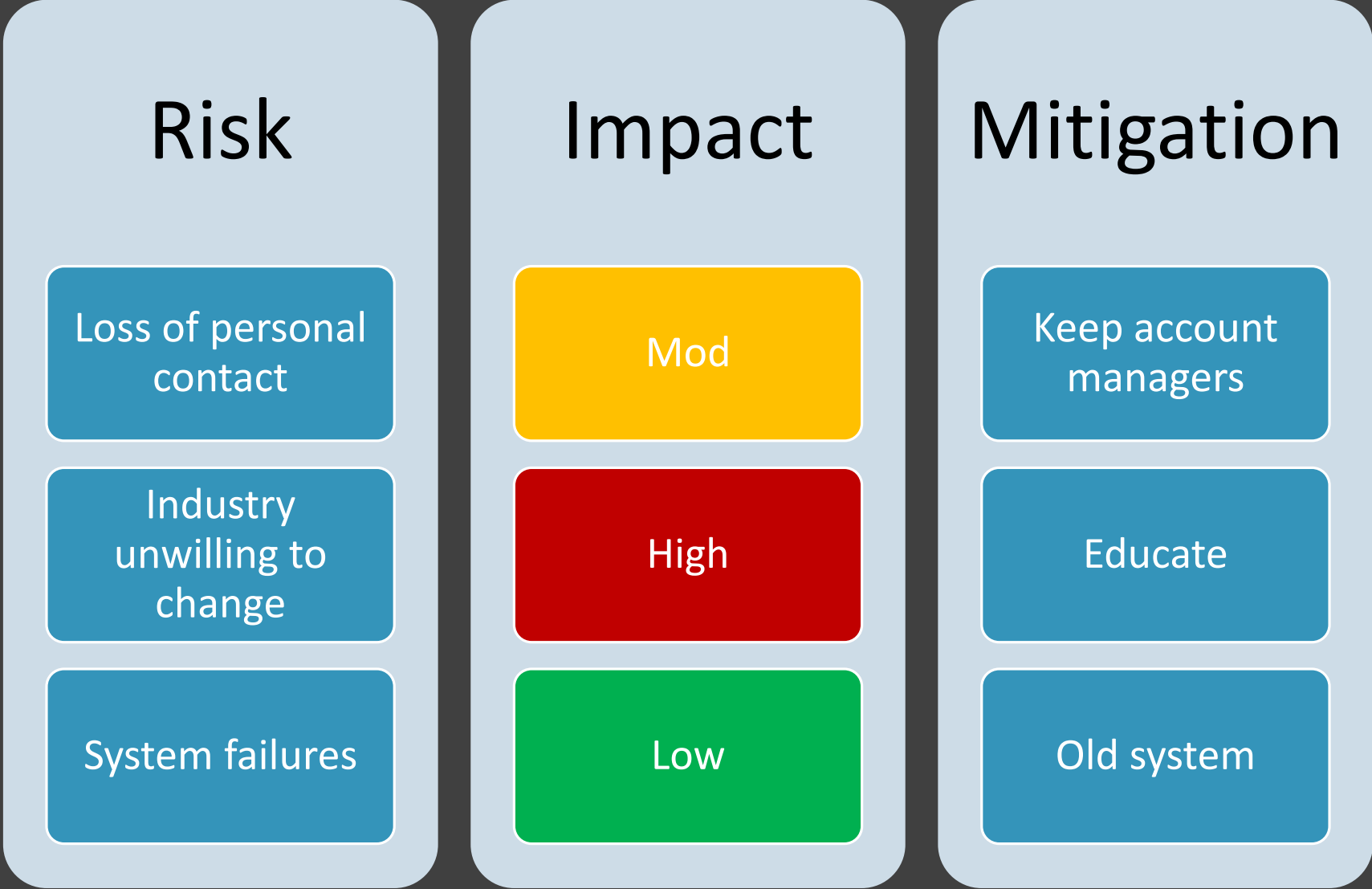
	One/off	Ongoing
Trading Platform	0.5 mln \$	0.25 mln annually
Product Portfolio expansion	0.5 mln \$	Ca 1 mln annually (trading team of 7-10 ppl)
Role out activities	0.2 mln \$	
Total	1.2 mln \$	

Financials – Reaching the financial objectives

Financial objectives reached with the plan:



Risks – There are risks with various impacts but they can all be mitigated



Conclusion

The situation

- A company well off financially

Objectives

- Developing next generation trading
- Capitalizing on market disruption
- Optimizing business model for disruption

Key challenge

- How can MCGILL StLAURENT effectively leverage human, technological & financial capital to develop the next generation trading?

Our recommendation

- Establish a trading platform for your customers and integrate suppliers of other commodities to offer a full product portfolio

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