

# MCGILL StLAURENT

#perpetualmotion

NYENRODE BUSINESS CONSULTANCY

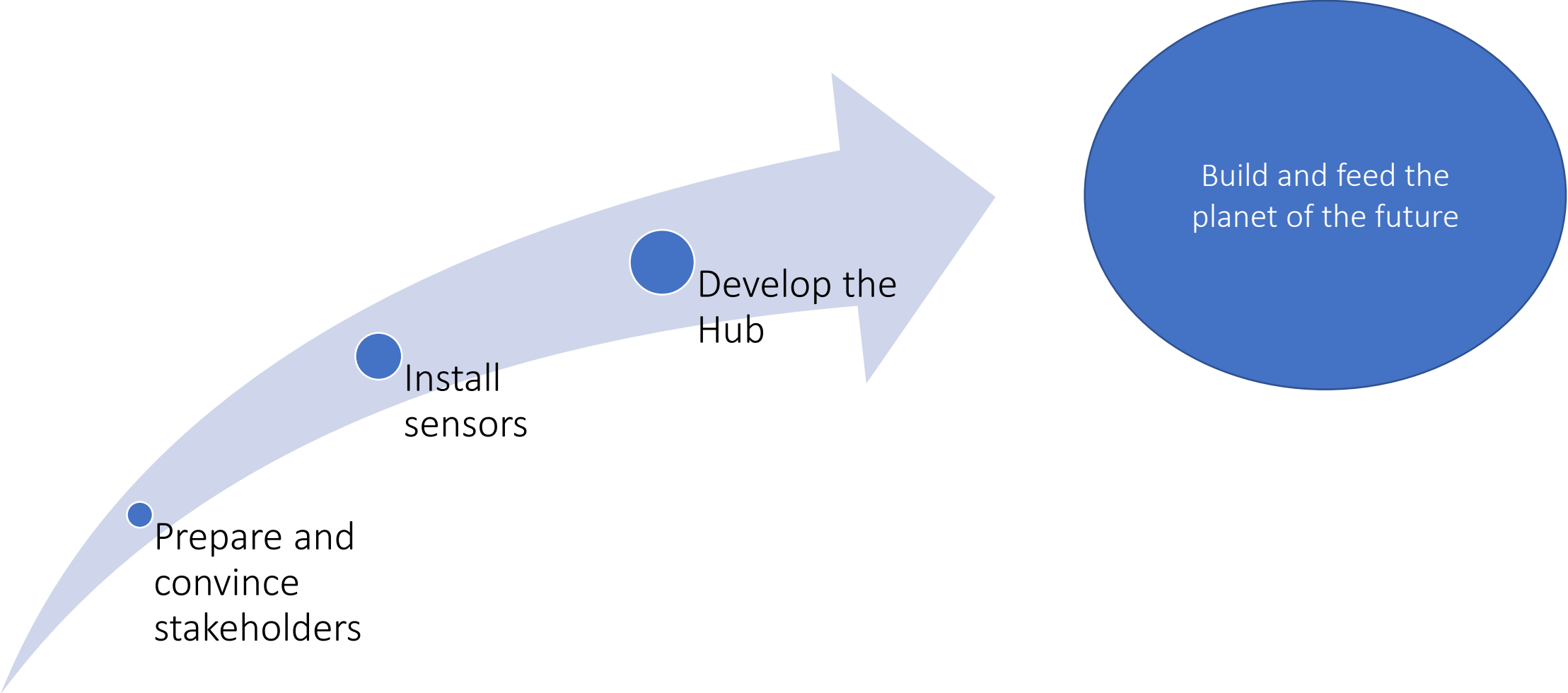
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# Mandate



Advise McGill StLaurent on how to benefit from the impending industry disruption and become leaders in the commodities industry?

# The Way to Success!



# Internal Analysis



## STRENGTHS

- Excellent customer service
- Strong and long-lasting relationships
- Strong brand image
- Risk takers
- Good risk management and hedging
- Agile
- Vision to the future
- Logistical excellence
- Economies of scale

## WEAKNESSES

- Low margins, high volume
- Mistakes have a large impact
- Middle-man position

# External Analysis



## THE COMMODITIES INDUSTRY

- Steadily growing demand
- Traditional industry with low innovation
- Low entry barriers (except energy)
- Competitive environment with little differentiation and established incumbents
- Low margins
- Volatile energy prices

## GENERAL TRENDS

- Growing world population
- Increasing number of mouths to feed
- Digitalisation
- Sustainability increasingly important
- Consolidation

# Key Issues



## 1<sup>st</sup> Key Issue

- Middle-man position

## 2<sup>nd</sup> Key Issue

- Competitive environment

## 3<sup>rd</sup> Key Issue

- Impending market disruption

# Key Issues to Key Take-Aways



## 1<sup>st</sup> Key Issue

- Middle-man position

## 2<sup>nd</sup> Key Issue

- Competitive environment

## 3<sup>rd</sup> Key Issue

- Impending market disruption

## 1<sup>st</sup> Key Take-Away

- Improve position within supply chain

## 2<sup>nd</sup> Key Take-Away

- Differentiate

## 3<sup>rd</sup> Key Take-Away

- Lead the change

# Key Take-Aways and Alternatives



## 1<sup>st</sup> Key Take-Away

- Improve position within supply chain

## 2<sup>nd</sup> Key Take-Away

- Differentiate

## 3<sup>rd</sup> Key Take-Away

- Lead the change

## 1<sup>st</sup> Alternative

- Grow internally

## 2<sup>nd</sup> Alternative

- Grow through acquisition

## 3<sup>rd</sup> Alternative

- Bring on new tools and technologies



# Alternatives & Criteria

## 1<sup>st</sup> Alternative

- Grow internally

## 2<sup>nd</sup> Alternative

- Grow through acquisition

## 3<sup>rd</sup> Alternative

- Bring on new tools and technologies

CRITERIA
GROWTH POTENTIAL
COMPETITIVE ADVANTAGE
SUSTAINABILITY
RISK
FINANCIAL IMPACT
FIT WITH VISION

# 1<sup>st</sup> Alternative: Grow Internally

GROWTH POTENTIAL	COMPETITIVE ADVANTAGE	SUSTAINABILITY	RISK	FINANCIAL IMPACT	FIT WITH VISION
2	2	2	5	3	2
Does not offer significant growth.	Does not largely improve position against large industry incumbents.	No specific enhancement of sustainability.	Low risk, known territory.	Requires internal investments, will not highly increase profits.	Not for “the next generation”.

Where a score of 1 is bad and a score of 5 is excellent

TOTAL SCORE = 16

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# 2<sup>nd</sup> Alternative: Grow Through Acquisition

GROWTH POTENTIAL	COMPETITIVE ADVANTAGE	SUSTAINABILITY	RISK	FINANCIAL IMPACT	FIT WITH VISION
4	3	2	3	3	3
High potential depending on the number, yet no creation of new markets.	Slightly increases competitive advantage against industry incumbents.	No specific enhancement of sustainability.	New businesses pose a risk, possible lack of experience.	Provides new revenue streams, yet requires significant investment.	Depends on acquisition, yet not really for the next generation.

Where a score of 1 is bad and a score of 5 is excellent

TOTAL SCORE = 18

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# 3<sup>rd</sup> Alternative: Bring on New Tools and Technologies

GROWTH POTENTIAL	COMPETITIVE ADVANTAGE	SUSTAINABILITY	RISK	FINANCIAL IMPACT	FIT WITH VISION
5	5	4	1	4	4
Creates a new, currently untapped market on a global scale.	Differentiates the firm from current industry incumbents, creating a new market.	Poses a chance for efficient use of resources.	Very high risk.	Requires significant investment, yet taps into new markets with potential profits.	Complete innovation for the world of the future.

Where a score of 1 is bad and a score of 5 is excellent

TOTAL SCORE = 23

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Recommendation: Bring on new tools and technologies



# Ride the wave of disruptive technologies

Use the power of the internet of things to gather data which improve current business and open new doors.

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Why?

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# Build & Feed and Power the Planet for the next generation

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# How?

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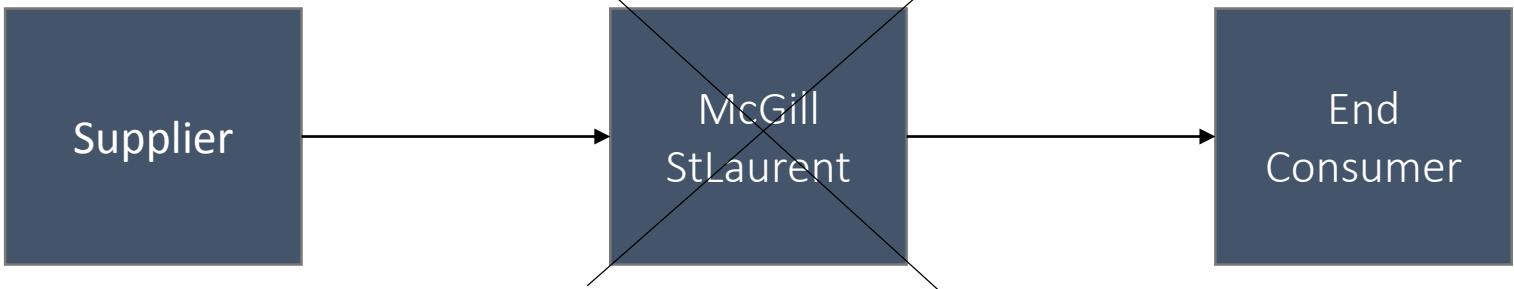
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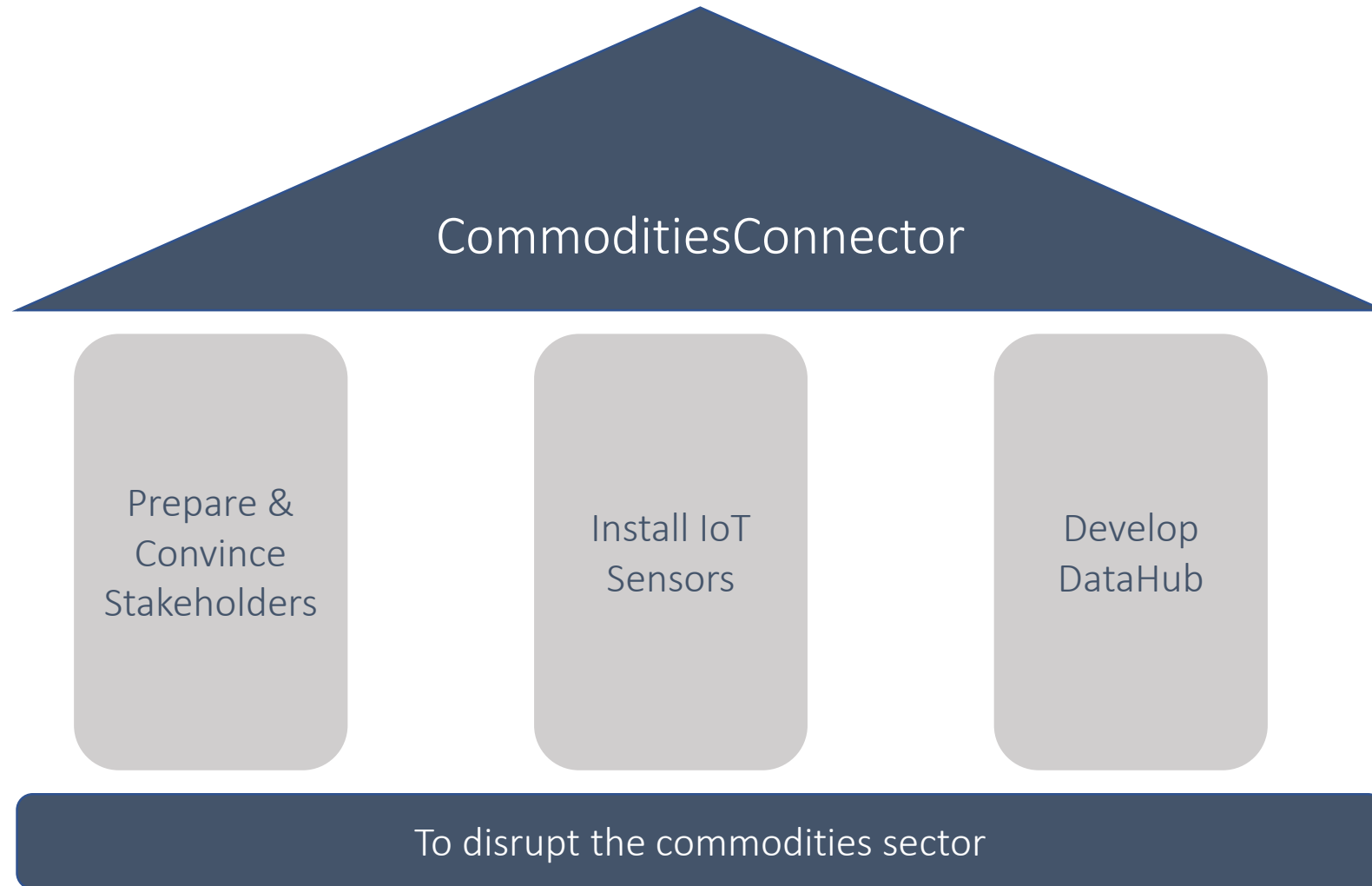
# Supply Chain Position Before



# Supply Chain Position After



# Implementation



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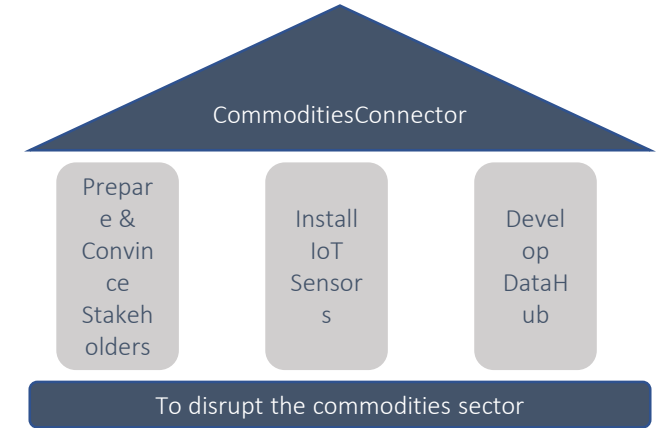
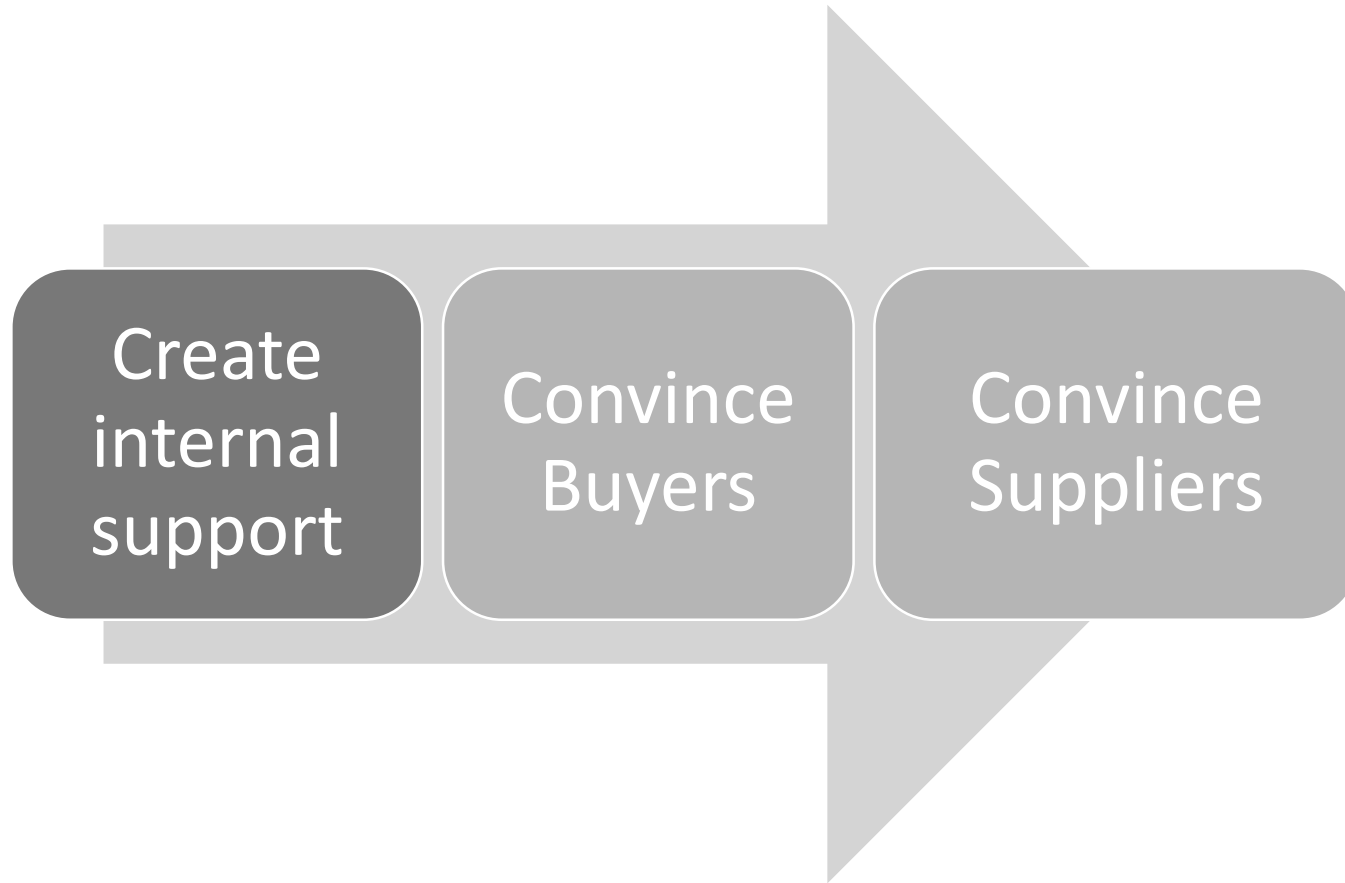
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# Preparation



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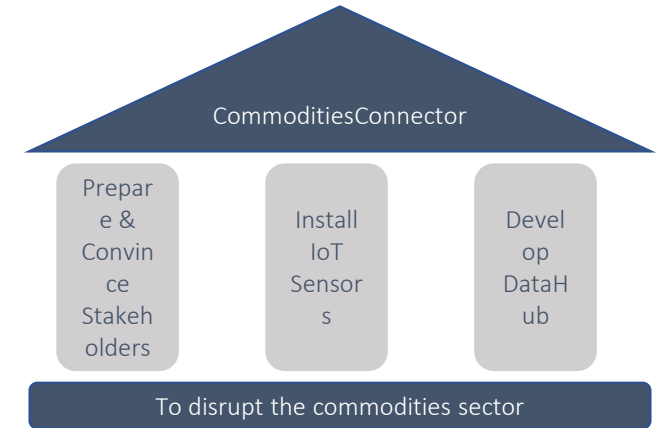
# Install IoT Sensors

## Acquire and Develop IoT skills

- HR: hire/develop in-house IT skills & external consultant

## Install Sensors

- Installment sensors at buyers locations by local 3<sup>rd</sup> party



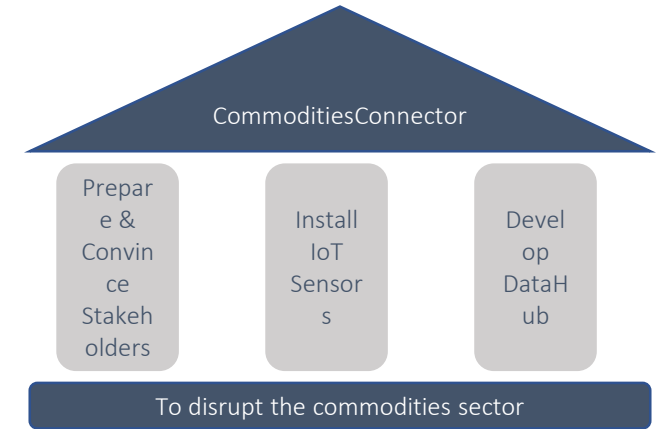
# Develop CommoditiesConnector

## Develop Software

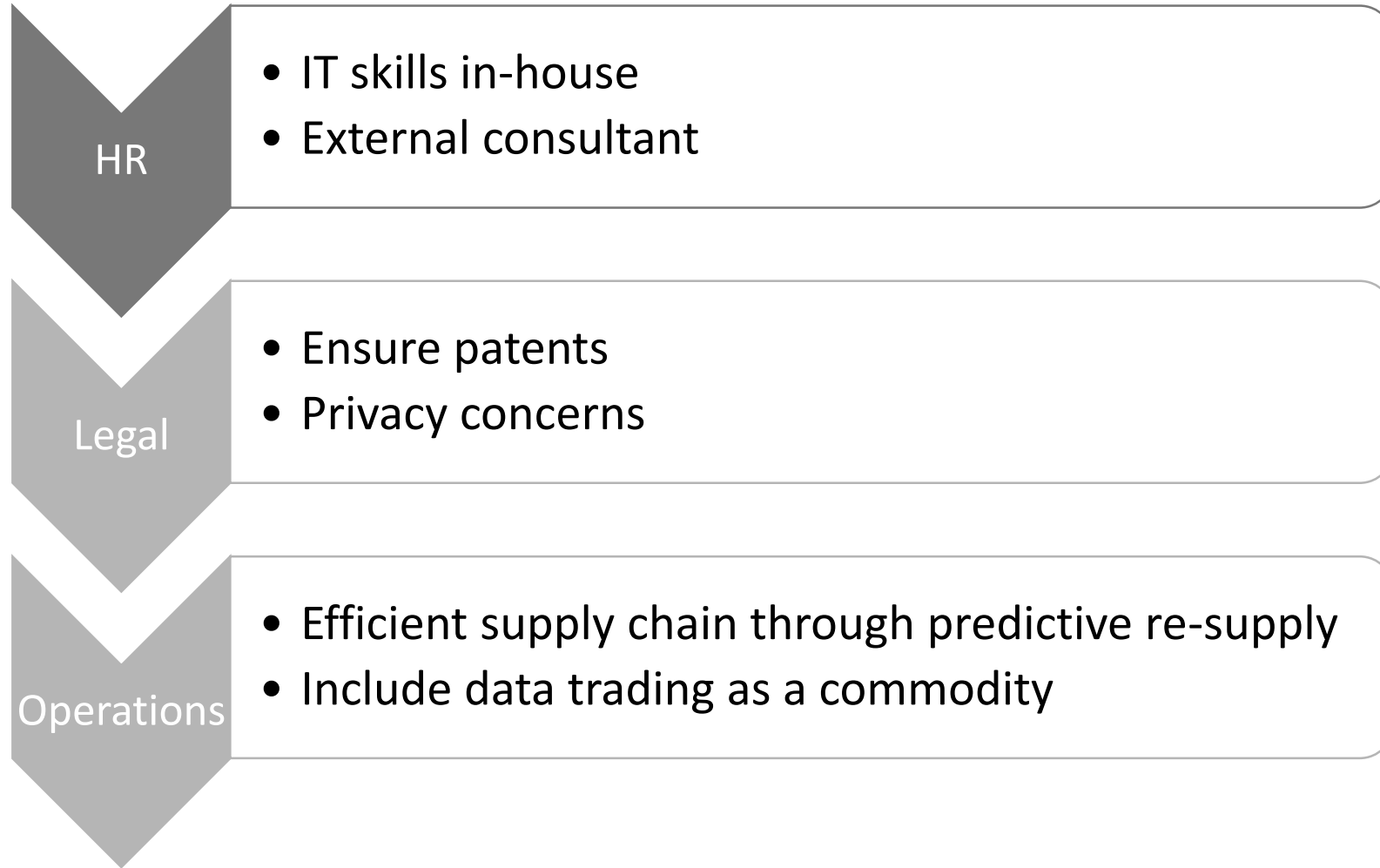
- HR: hire/develop in-house IT skills

## Predictive re-supply

- Enables an efficient supply chain



# Business Model Changes



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# Timeline

	2018	2019	2020	2021
Implement IOT	→			
Develop data hub	→			
Launch data hub		→		
Commodity connector			→	



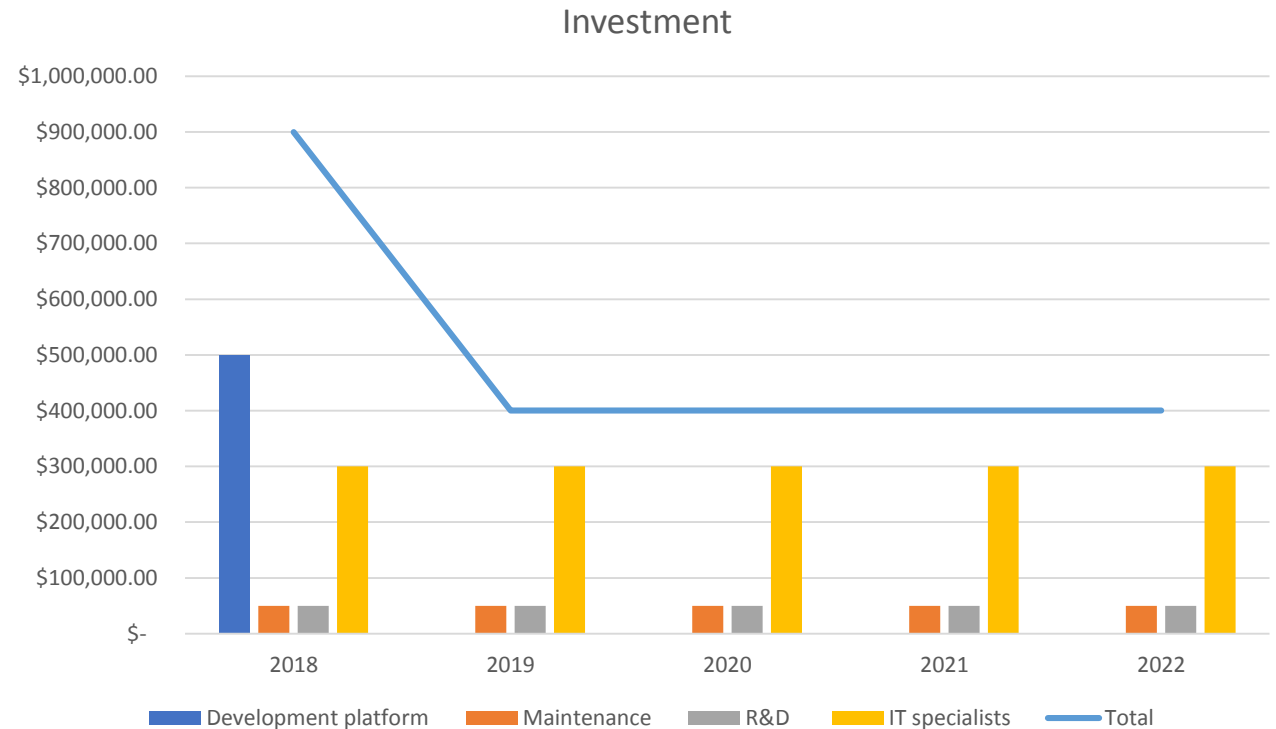
# Financial assumptions

## FINANCIAL ASSUMPTIONS

- \$500,000 development platform
- 10% maintenance costs
- 10% R&D costs
- \$300,000 IT specialists

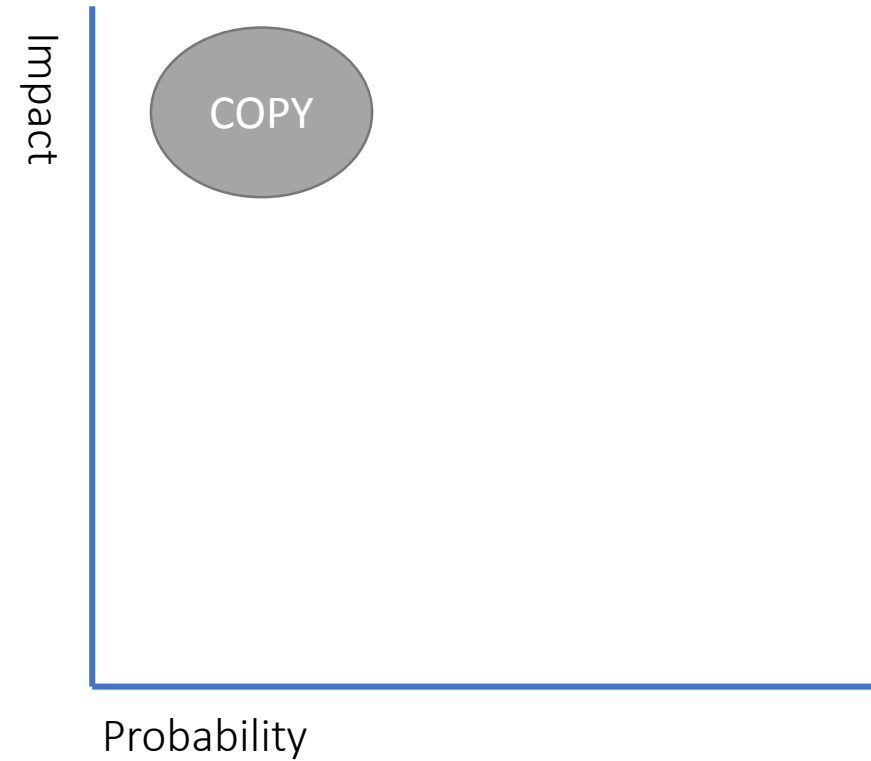
## SOURCES OF FINANCE

- IOT sensors are bought by users
- Partner with software developer



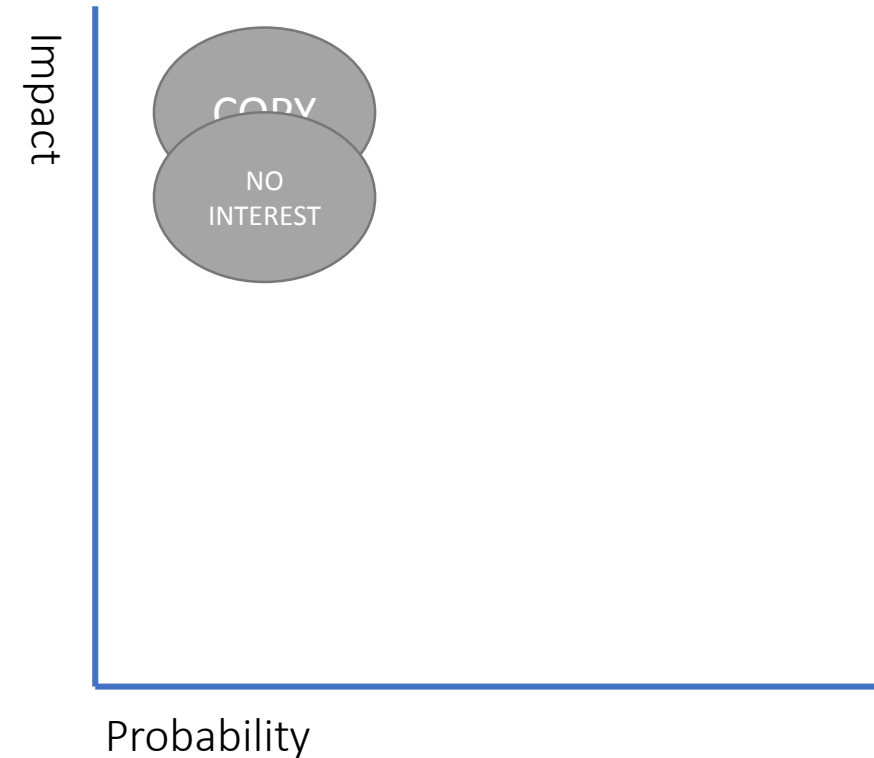
# Risks

- RISK: Buyers or suppliers copy the idea after informative session.
- IMPACT: High, loss of idea.
- PROBABILITY: Low.
- CONTINGENCY PLAN: Legal boundaries, patents.



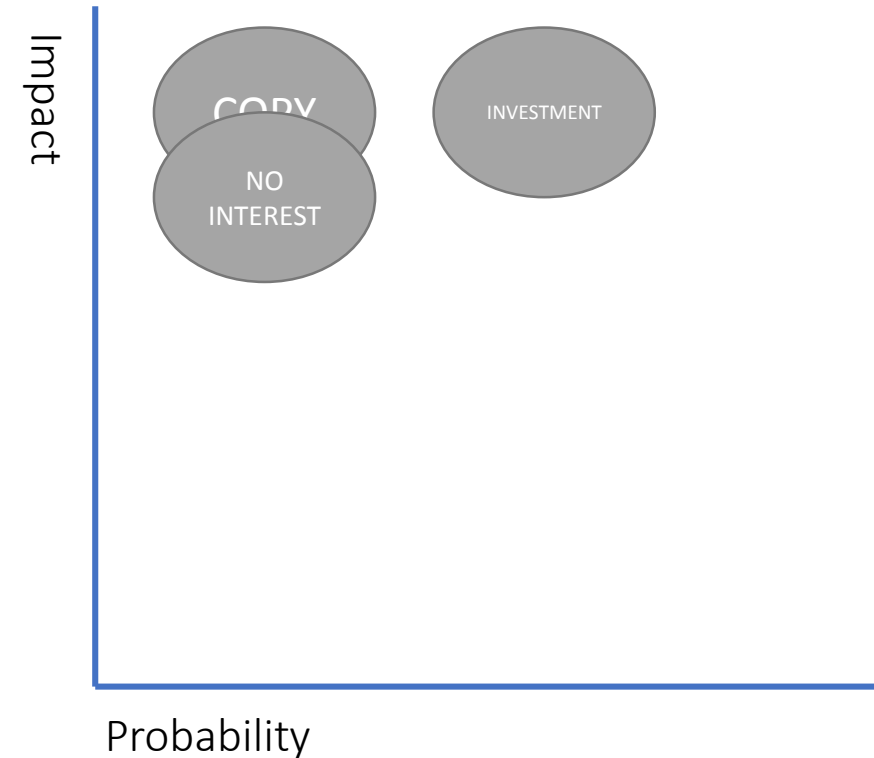
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- IMPACT: High, no market.
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- CONTINGENCY PLAN: Address their fears, show financial potential, leverage network.

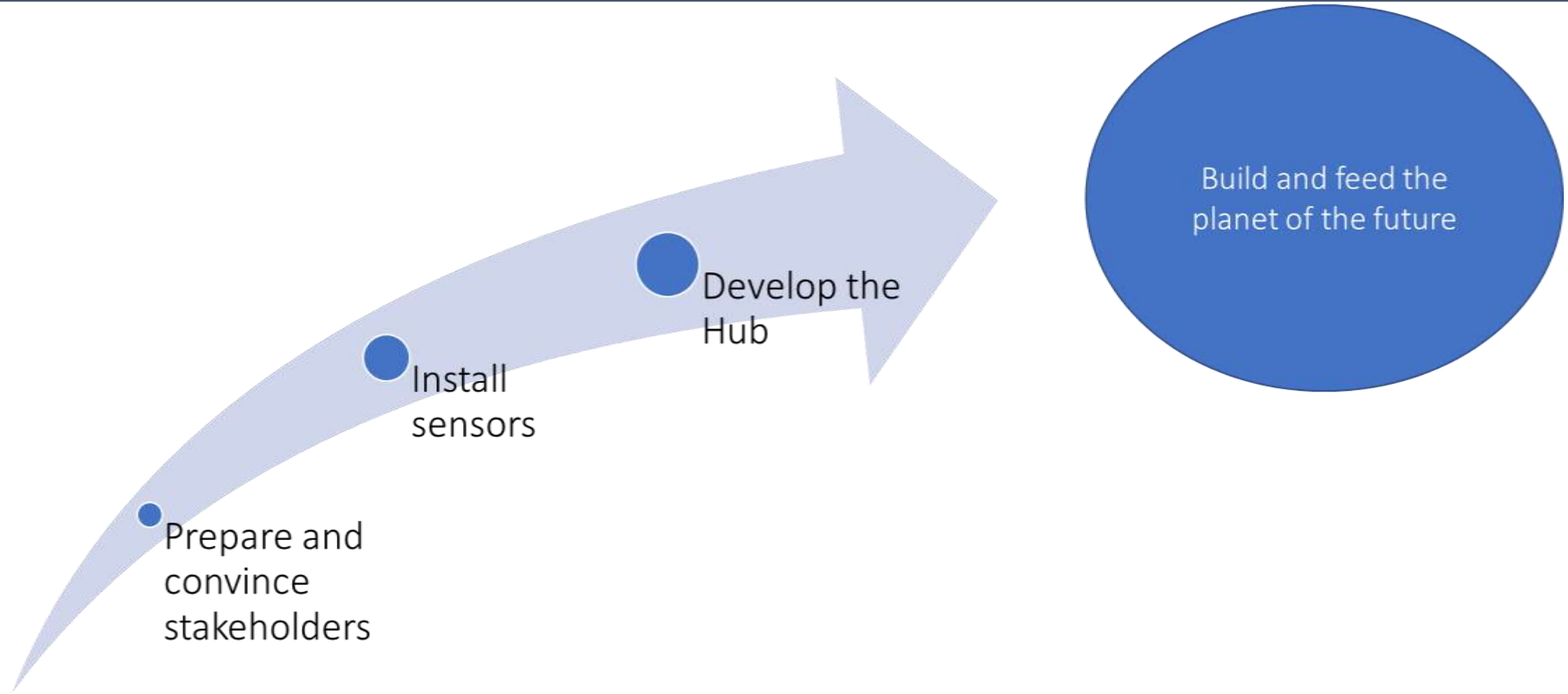


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- CONTINGENCY PLAN: Address their fears, show financial potential, leverage network.
  
- RISK: Buyers or suppliers unwilling to invest in sensor system.
- IMPACT: High, network cannot work then.
- PROBABILITY: Medium, might not have the resources.
- CONTINGENCY PLAN: Provide a full service with a sensor subscription plan (don't buy, hire).



# Conclusion



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Thank you for your attention.

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