

# Get ready for the digital natives

Presented by: University of Paderborn

Presented to: Mr. Boisclair & Mr. Labbe

# Mandate

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## **Recommendation for next business opportunity**

1. Utilize Strategy to deal with disruptive technologies
2. Analyse potential business ventures
3. Develop financial plan

# Issues to tackle

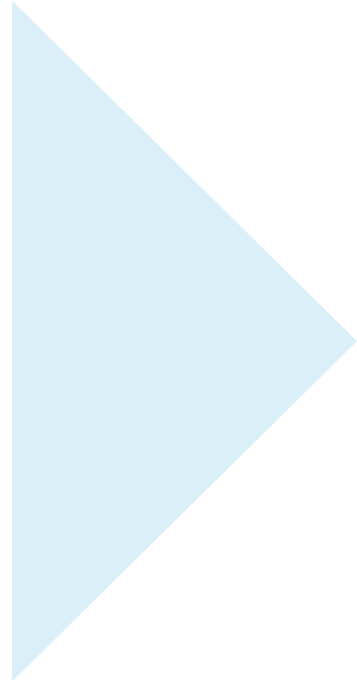
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1. Sustainable growth
2. Threat of disruptive technologies
3. Need for diversification

# Issues to tackle

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1. Sustainable growth
2. Threat of disruptive technologies
3. Need for diversification



1. New business model
2. Utilize technologies
3. Diversification through new channel

# Agenda

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**A.  
The current  
status**

**B.  
Evaluation of  
alternatives**

**C.  
The  
implementation  
plan**

**D.  
The financial  
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**E.  
The conclusion**

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# Current success story: Reinvesting profits in an entrepreneurial way

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High amounts  
Low prices

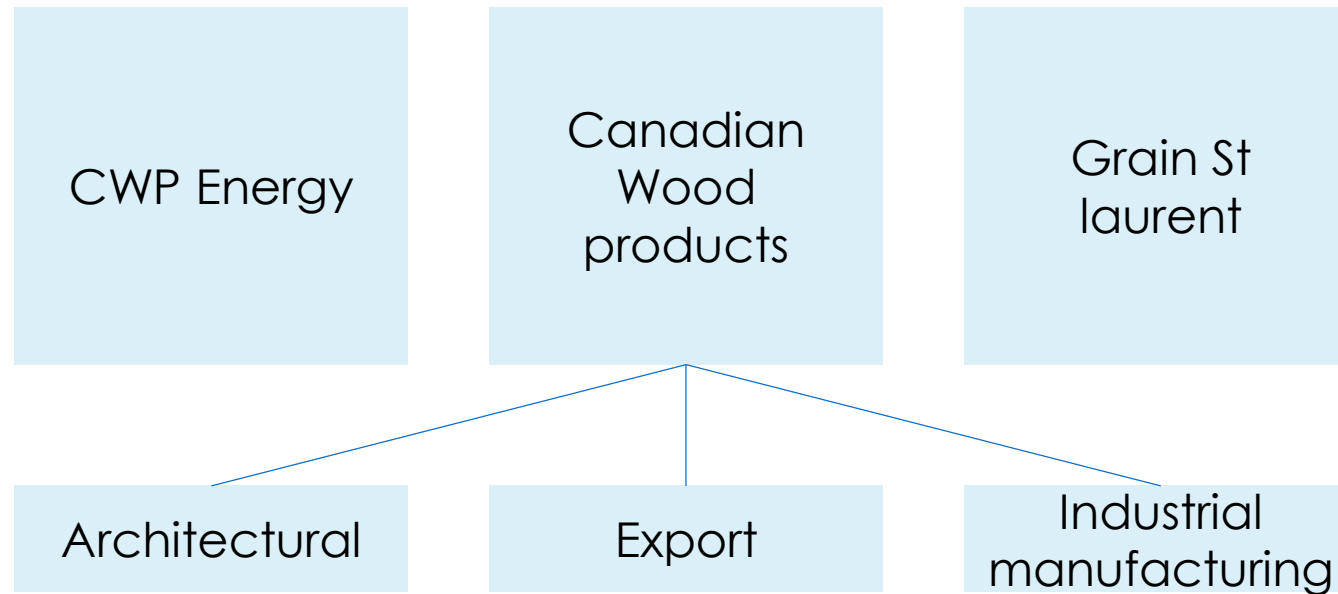
Stock and Delivery

Sell with higher  
margins

→ Back-to-back business model leads to smaller costs

# Businesses are segmented into three clusters

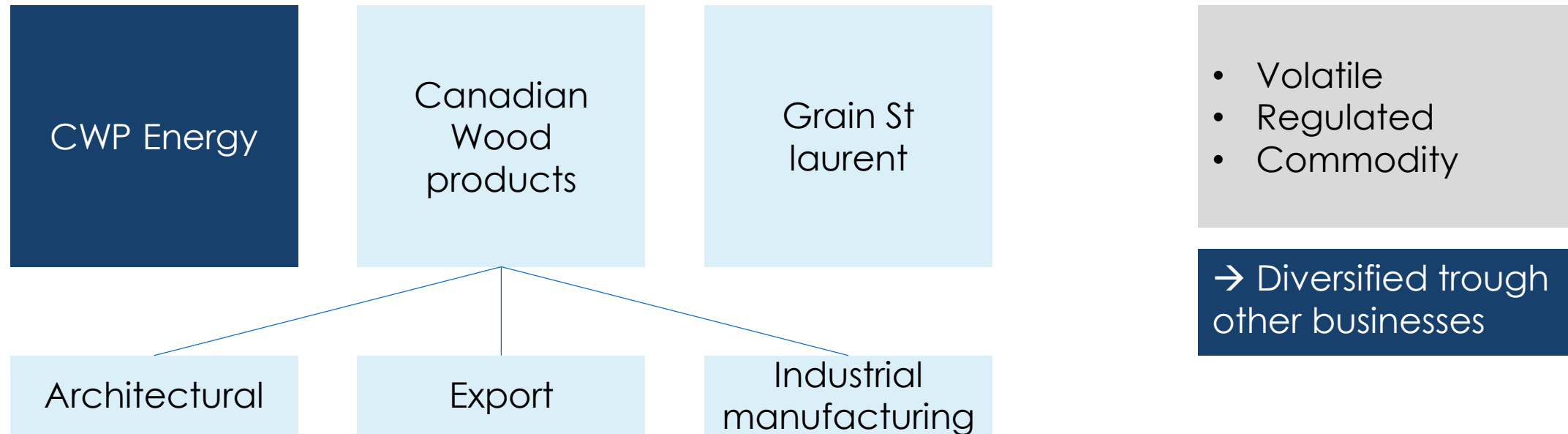
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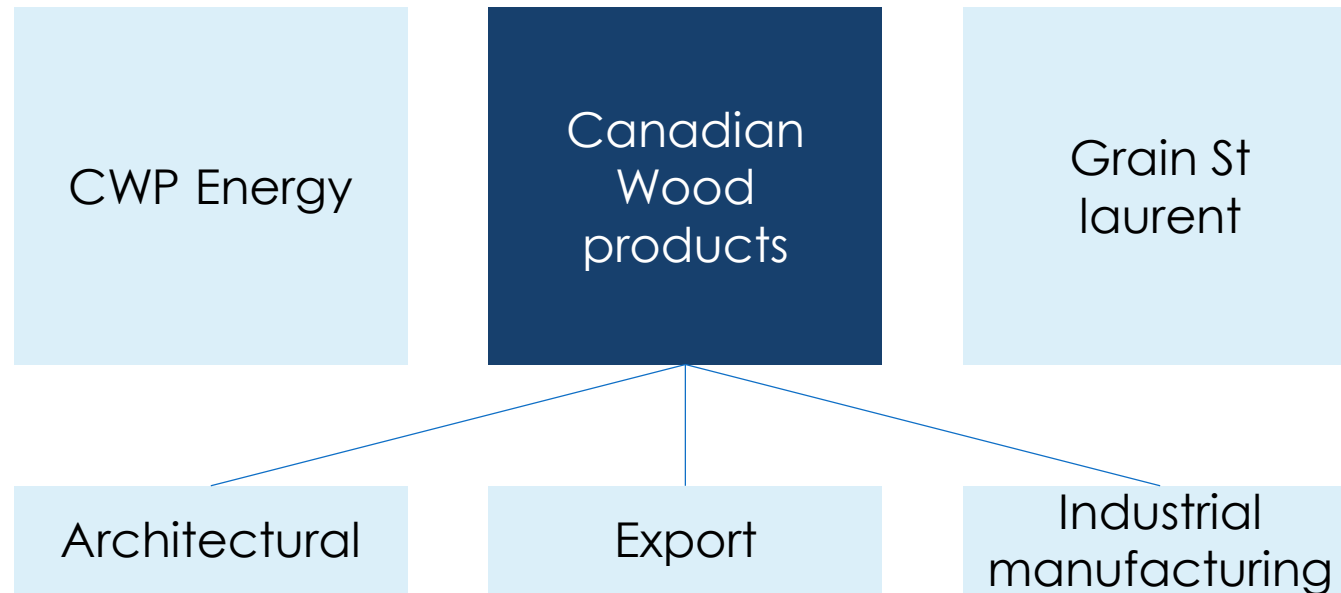


# Businesses are segmented into three clusters

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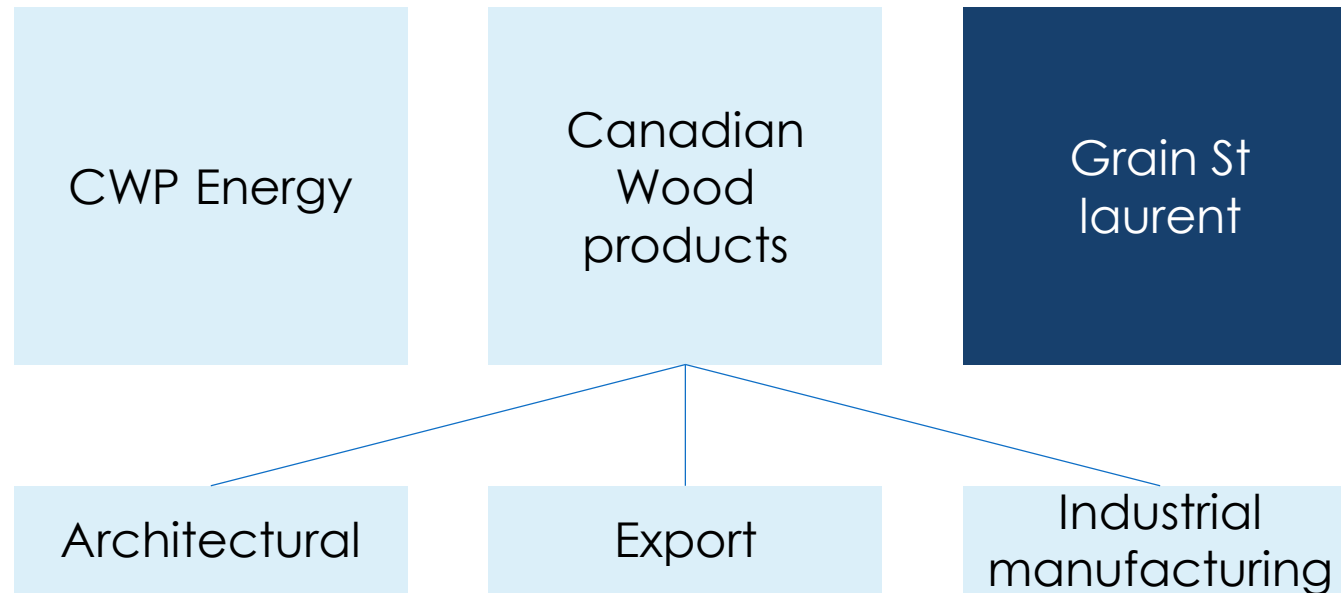
# Businesses are segmented into three clusters



- Diversified in terms of product category

→ Undiversified channels

# Businesses are segmented into three clusters



- Low segment
- Dependent on weather conditions
- No diversification

→ Undiversified sector

# Being afraid of status quo

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## **Current user Habits**

- Appreciate personal contact
- Want to order different things from one supplier

# Being afraid of status quo

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## Current user Habits

- Appreciate personal contact
- Want to order different things from one supplier

## Future user Habits

- Used to order online and faster
- Less need of personal contact

→ Current business model rely strongly on the personal contact

# New technologies are disrupting the business

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## **Platforms**

→ Solving the problem of combining buyers and suppliers

## **Blockchain technology**

→ No need of middlemen due to smart contracts

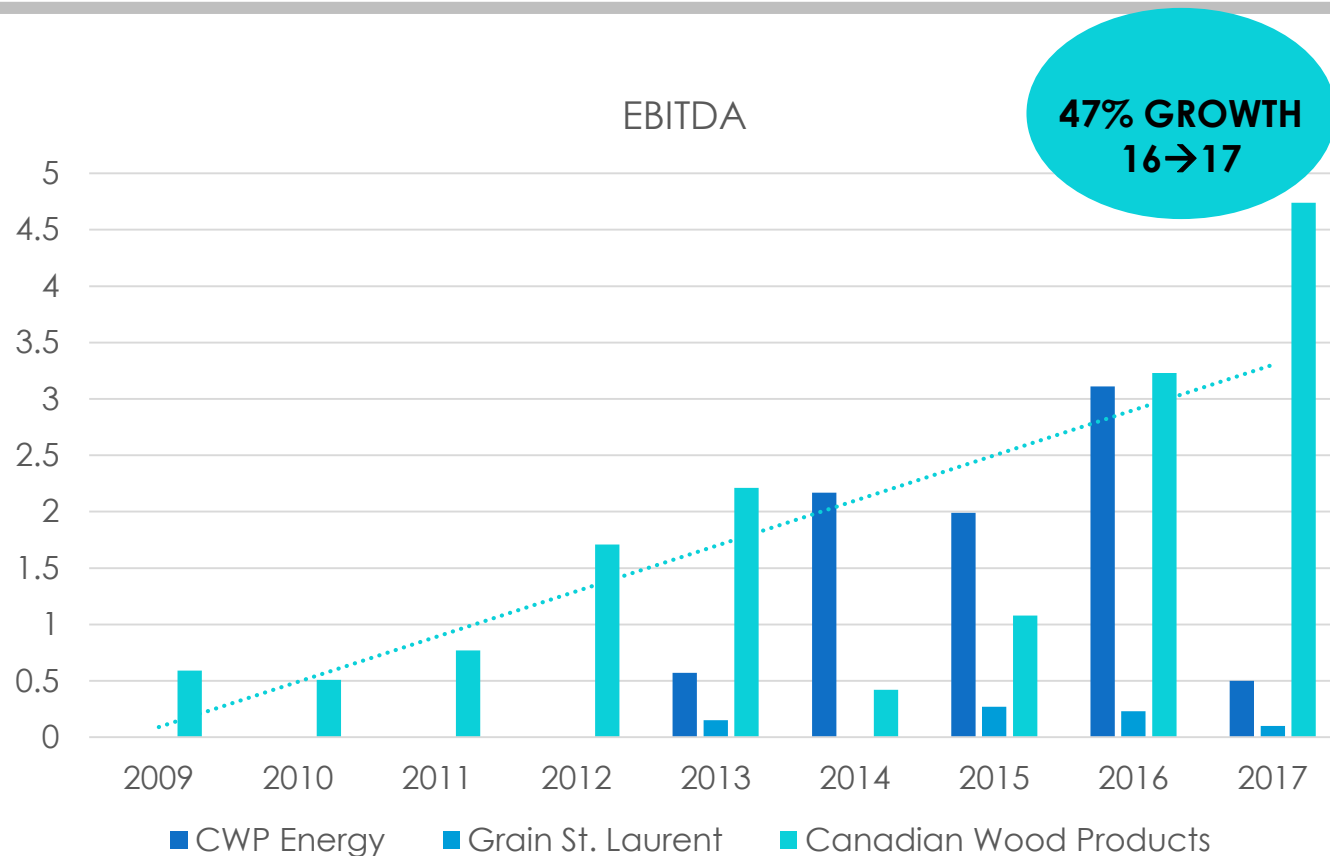
# Key strengths

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- Knowledge in the markets
- Customer relationship
- Entrepreneurial approach
- Risk management
- Logistics and supply chain
- AR and machine learning → new business fields
- Canadian region: high amount of resources

→ Ability to built to invest in an innovative business

# Overall you have a good profitability. Wood products are cash cow



- **Energy and grain** business are rather **volatile**
- Decrease from 2016 to 2017
- → however, still **profitable**, grain demand growing, hedges risks, invested in specialists
- **Wood products**
- → cash cow

All units profitable, wood is cash cow



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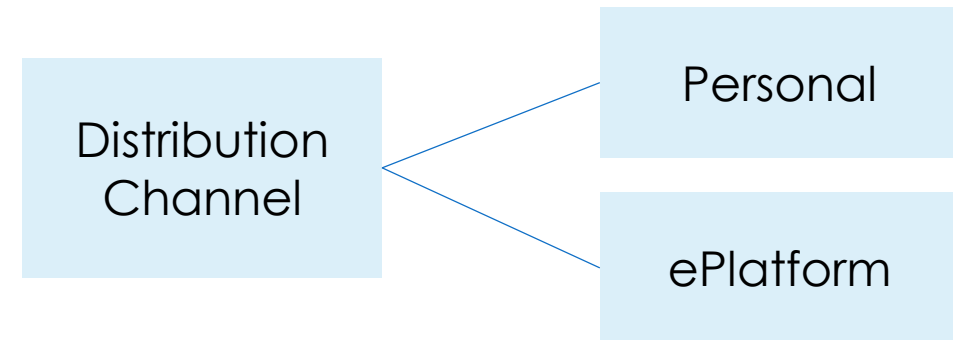
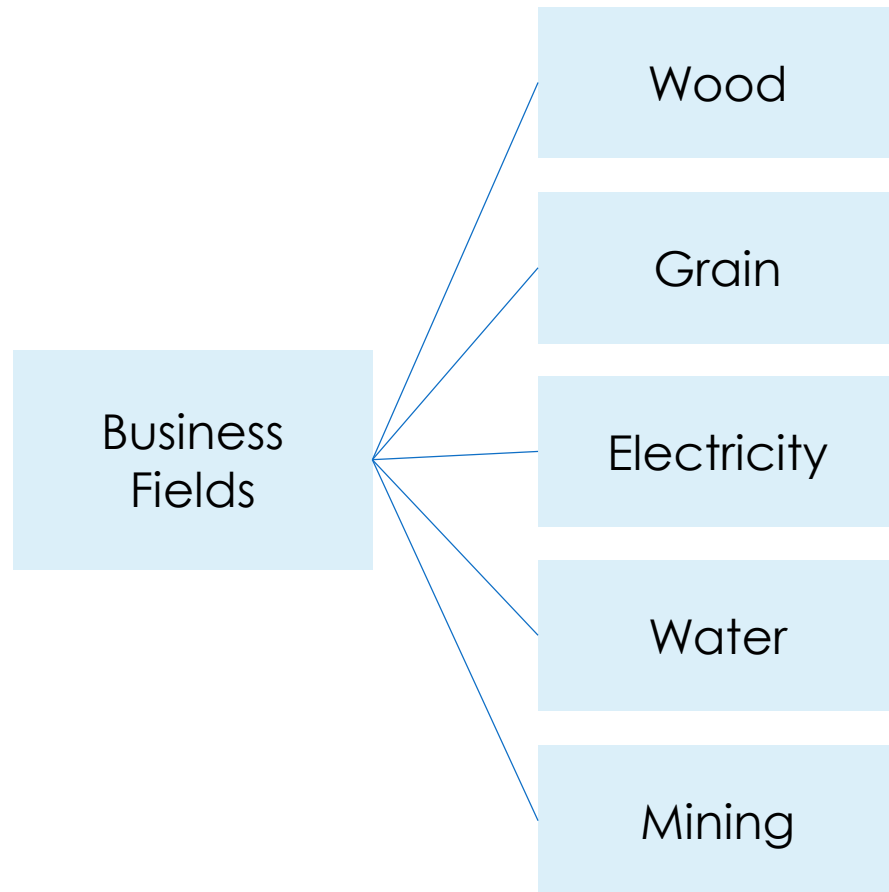
# Criteria for strategic alternatives

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1. Sustainable growth
2. Opportunities for disruptive technologies
3. Need for diversification
4. Competitive advantage

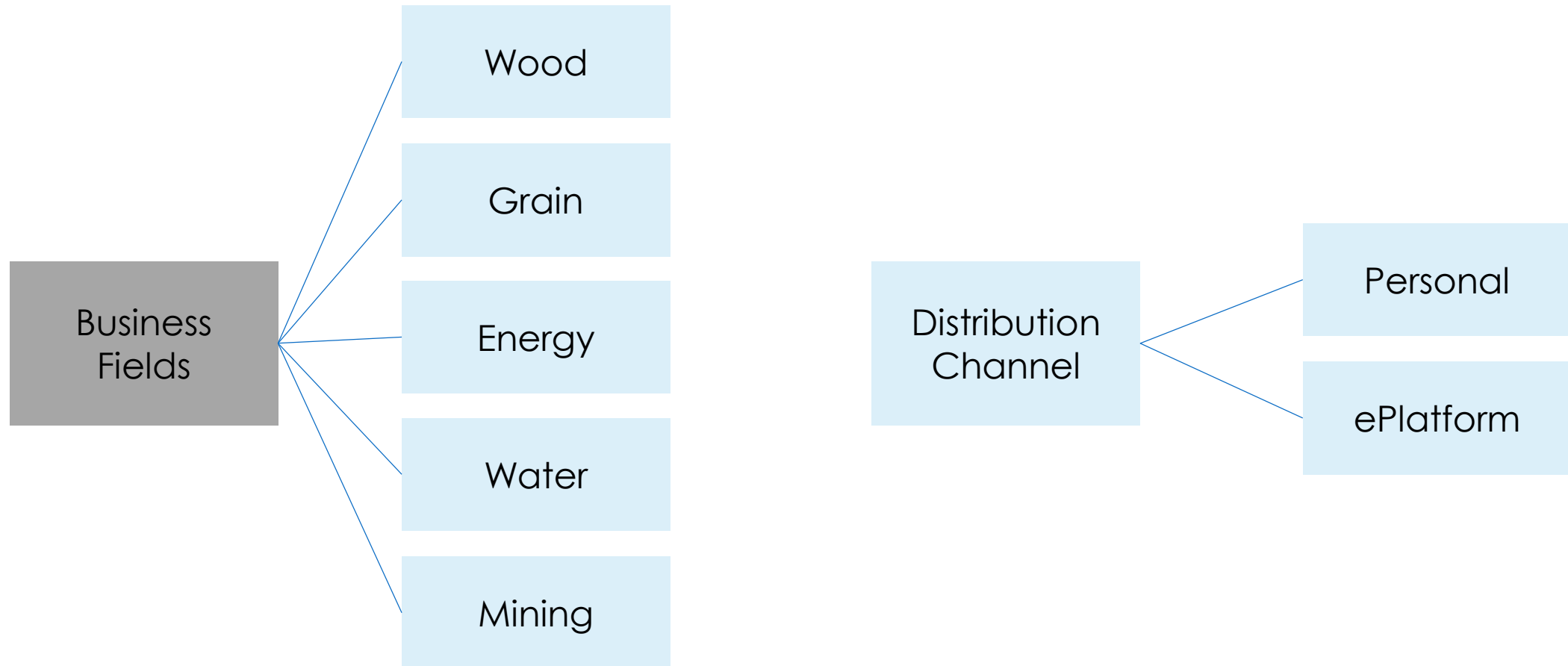
# Alternatives

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# Alternatives

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# Evaluation of Business Alternatives

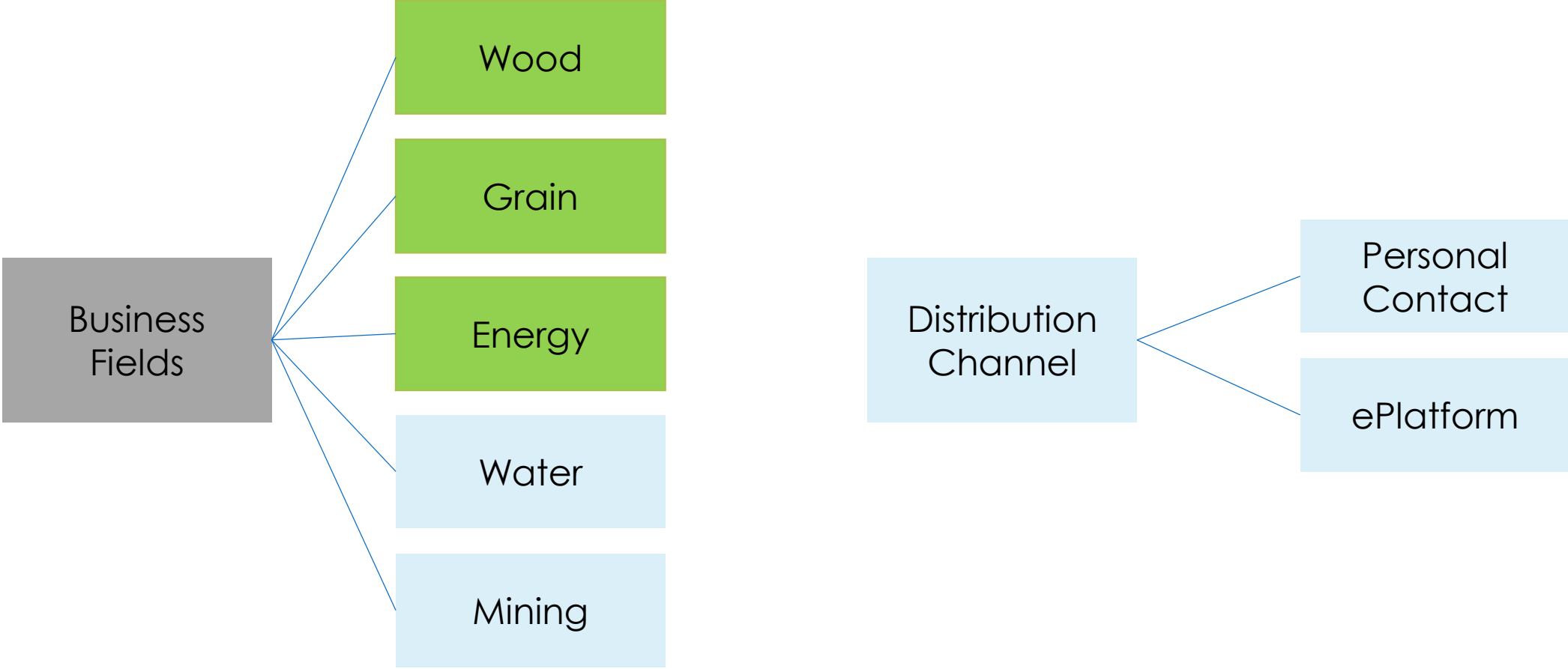
	Weight in %	Wood	Grain	Energy	Water	Mining
Growth Potential	30	●	●	●	●	●
Intern digitalisation abilities	30	●	●	●	●	●
Know How	20	●	●	●	●	●
ROI	20	●	●	●	●	●

# Evaluation of Business Alternatives

Digitalisation is a huge value driver you should tackle first

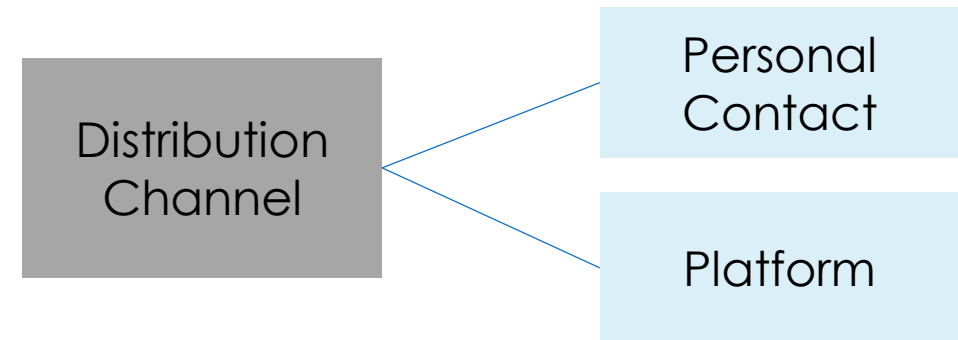
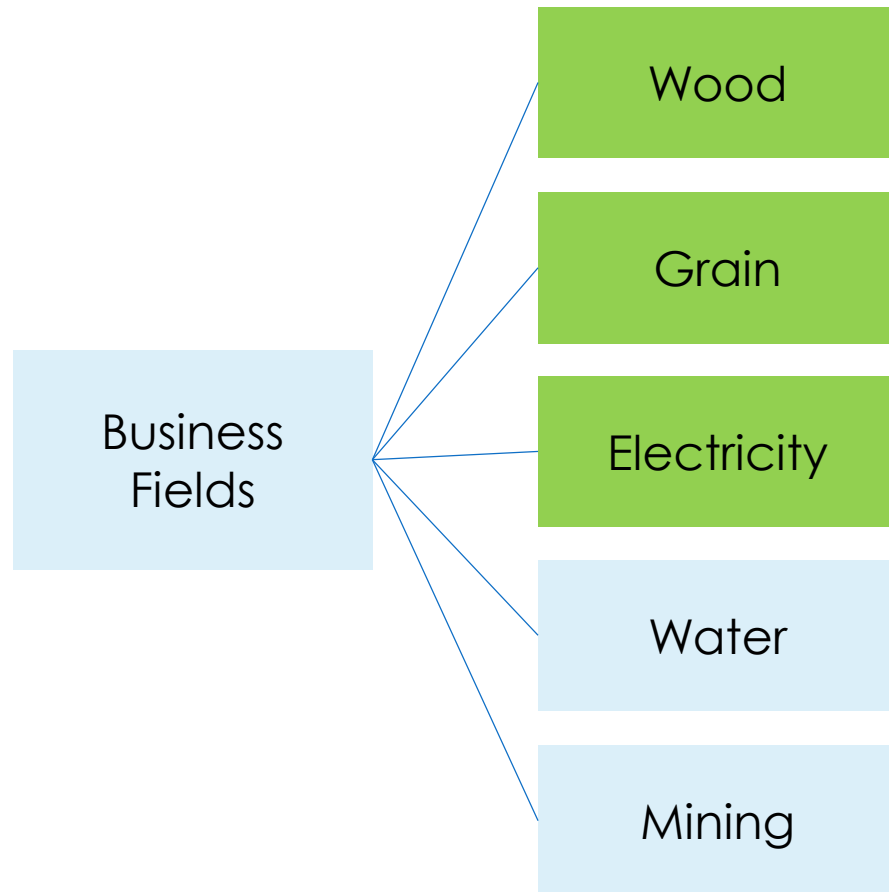
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ROI	20	●	●	●	●	●

# Stick to bussinesfields short term



# Alternatives

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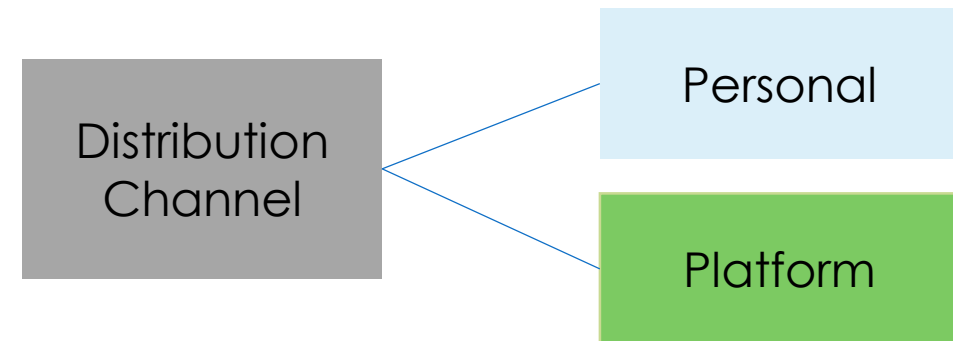
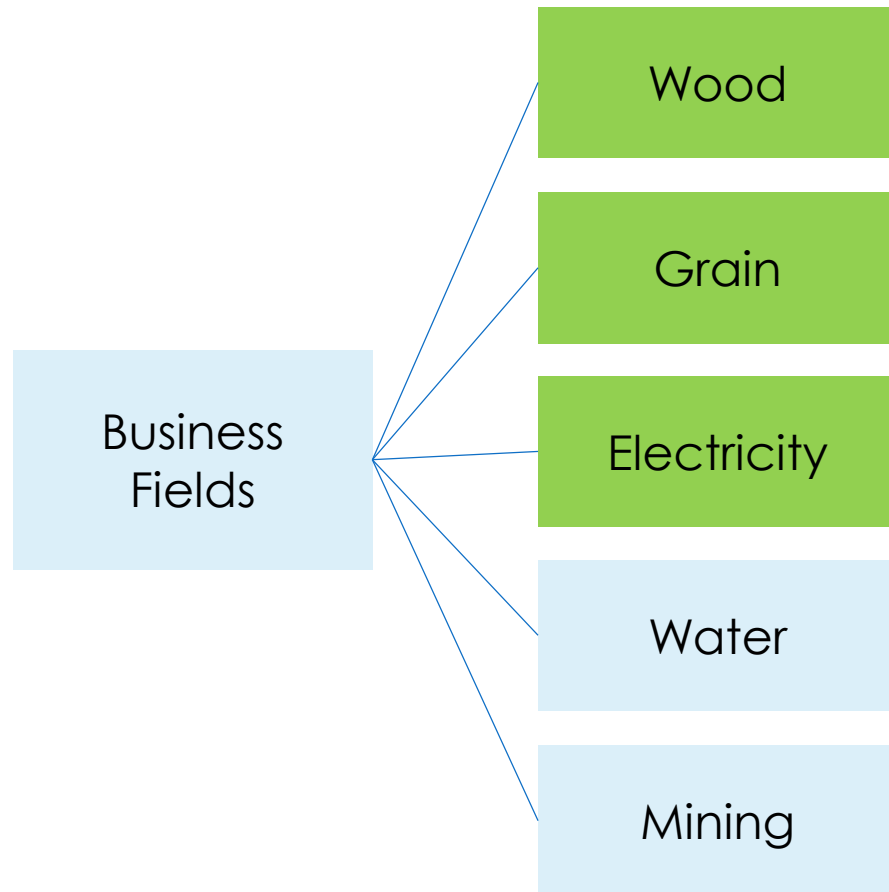
# Evaluation of distribution alternatives

	Weight in %	Personal	ePlatform
Growth Potential	30	Yellow	Green
Digitalisation Potential	30	Red	Green
Know How	20	Green	Green
ROI	20	Yellow	Green

Built an ePlatform

# Make a strategic move into ePlatform business

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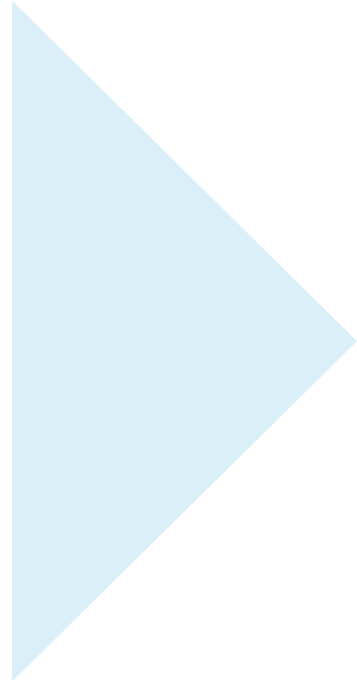
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# 3 steps for your future project

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3 Test, measure, learn → adapt and scale for other segments

2 Prepare your business partners for the next evolution of business

1 Start the disruption of your business yourself with:  
[your-wood.ca](http://your-wood.ca)

# Building your future as a market leader in trading

1

YOUR-WOOD.CA – Trading platform 4.0 – Idea of virtual trading for wood

INVEST  
2m \$ until 2020

## BIG DATA

- Sunlight, UV Index
- Temperature
- Rain
- Logistics
- Buyers
- Exchange rates
- Politics
- ...

## DEEP LEARNING

- Understanding patterns in purchase behaviour
- Expectation about traded amount of woods
- Anticipation of logistics
- Real time prices depending on data

## BLOCKCHAIN

- Trading 4.0 with security for all stakeholders
- Combining suppliers, logistics, customers in one real time process for the purchase
- Keeping track of every transaction

# Building your future as a market leader in trading

## 2

### CHANGE OF YOUR CURRENT BUSINESS MODEL

#### CHANGE IN:

- Key activities
  - Analysis, phone calls, agent
- Customer relationship
  - personal
- Channel
  - offline

#### TO

- Programming, IT Infrastructure
- Completely automatic
- Online:  
[your-wood.ca](http://your-wood.ca)

Bringing the change together with business partners

# Personal relationship is important – for now

## 3 RELATIONSHIP

### RELATIONSHIP

- Right now very important part of trading business
- Huge shift because of digital natives
- Changes in family businesses



### ACTIONS

- Focusing on softwood niche to test new business idea
- Softwood suppliers nearby and good partners → easy for personal communication
- Real life supply chain data for transparent transactions
- Connection to eg SAP and other systems to make orders for industry partners easy



# An outlook for the trading platform

## *YOUR-WOOD.CA*

Softwood > Canada

Supplier	Rating	Cost/kg	Purchase	Delivery
Gregg Inc	★★★	3\$ ▼	buy	7 days ▲
Miller Inc.	★★	3.1\$ ▲	buy	5 days ▼
....				

# Outlook for the future

Your-  
wood.ca

- First official go-live in 2020:
- TO-DO:
- Partner up with suppliers
  - Partner with customers
  - Development
  - testing

Adapting  
to other  
segments

- SCALE UP!
- After successful start adapting the business model for the grain and power
  - Other domains and brands

Disrupt  
trading  
business

- DISRUPT!
- Going into mining and disrupt
  - Expand further to water

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# Invest about \$2.1 million in the next three years & finance through reinvestment

in thousand \$	Investment Plan															
	2018			2019				2020				2021				
	Q1	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
<b>Hiring</b>	10	5	5	5	5	5										
<b>Data Analysts</b>	52.5	52.5	87.5	175	175	175	175	175	175	175	175	175	175	175	175	
<b>Set Up</b>	50	100	50	50	3	3	3	3	3	3	3	3	3	3	3	
<b>Marketing</b>		12	15	10	10	10	5	5	5	5	5	5	5	5	5	
<b>Total</b>	60	169.5	157.5	240	193	193	183	183	183	183	183	183	183	183	183	
		<b>2018</b>			<b>2019</b>				<b>2020</b>				<b>2021</b>			
<b>Total invest for innovation</b>		<b>599.5</b>			<b>809</b>				<b>732</b>				<b>732</b>			

Finance innovation by reinvesting your profits. Stay self-made

# Financial Forecast

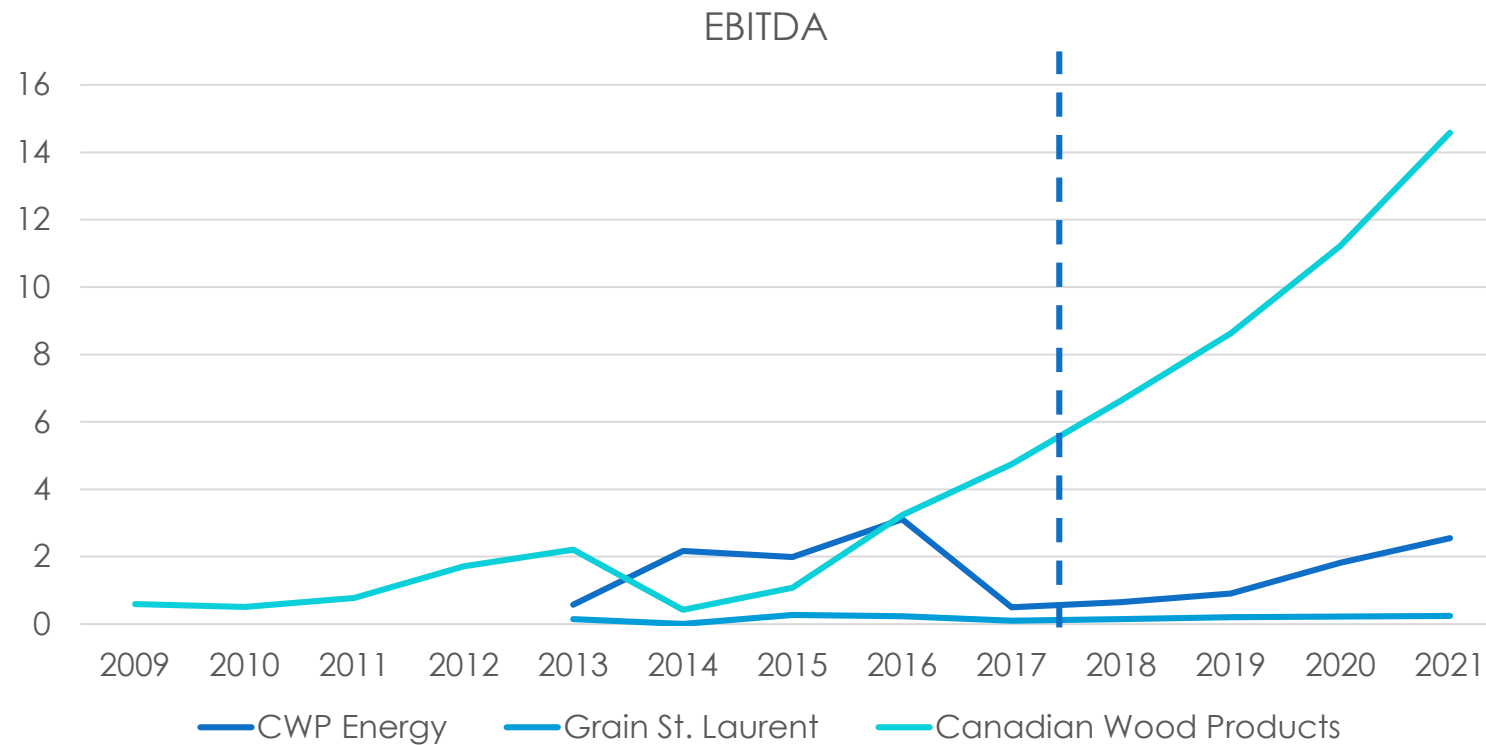
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>CWP Energy</b>					0.57	2.17	1.99	3.11	0.5	0.7	0.9	1.8	2.5
<b>Grain St. Laurent</b>					0.15-1.55		0.27	0.23	0.1	0.15	0.2	0.22	0.24
<b>Canadian Wood Products</b>	0.59	0.51	0.77	1.71	2.21	0.42	1.08	3.23	4.74	6.64	8.63	11.21	14.58
Special invest										0.6	0.8	0.7	0.7
<b>TOTAL EBITDA</b>	<b>0.6</b>	<b>0.5</b>	<b>0.8</b>	<b>1.7</b>	<b>2.9</b>	<b>2.6</b>	<b>3.3</b>	<b>6.6</b>	<b>5.3</b>	<b>6.8</b>	<b>8.9</b>	<b>12.6</b>	<b>16.7</b>

## Assumptions

- **Low** to moderate growth in **energy** and **grain** segment
- Continue high growth in wood segment & become leader

→ \$16.7 million EBITDA in 2021

# Increase profits from wood segment to \$14.6 million in 2021



## Outcome

- \$16.7 million EBITDA in 2021
- 87% of profits come from wood segment
- Grain and energy increase moderate

# Risks and Mitigation

• Risk	Mitigation	Contingencies
People do not stay on platform	<ul style="list-style-type: none"> <li>• Lock in effect</li> <li>• Provide advantages</li> </ul>	<ul style="list-style-type: none"> <li>• Easy way to find cheapest supplier</li> </ul>
No acceptance of ePlatform through Seller	<ul style="list-style-type: none"> <li>• Reorganise ePlatform</li> <li>• Try other approach</li> </ul>	<ul style="list-style-type: none"> <li>• Use Platform intern for managing sellers</li> </ul>
No acceptance of ePlatform through buyer	<ul style="list-style-type: none"> <li>• Reorganise</li> <li>• Try other approach</li> </ul>	<ul style="list-style-type: none"> <li>• Introduce loyalty program</li> <li>• Provide services</li> </ul>
Global Player copy ePlatform	<ul style="list-style-type: none"> <li>• Agility</li> <li>• Entrepreneurial mindset</li> <li>• First mover advantage</li> </ul>	<ul style="list-style-type: none"> <li>• Fast development of a minimal viable product</li> </ul>

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# Monday morning activities

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**GET YOUR AI-TEAM  
TOGETHER FOR  
FUTHER  
CONSIDERATOIN**

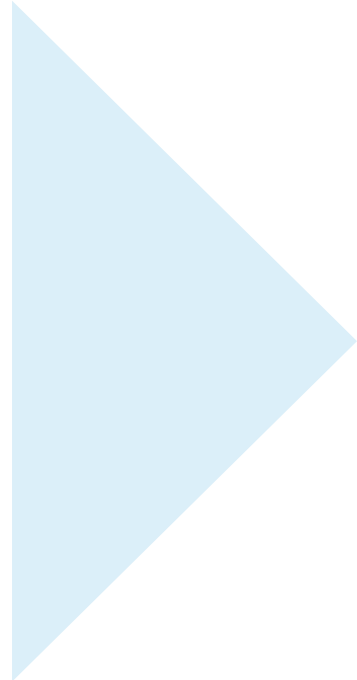
**UTILIZE NETWORK OF  
AI-TEAM FOR  
RECRUITING BEST  
DEVELOPERS**

**Check budget with  
CFO**

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