

SNC Lavalin

Up-for-tomorrow

OSB Consultants

Carmen Bassim

Joanna Salame

Johnny Khalil

Jad Rizk

Executive Summary

Issue

How can SNC embrace digitization while growing further?

Challenges

Growth Issue

Digital Disruption

Strategy

Empower innovation to ***Capture*** digital growth

KPIs

Revenue increase by
2% by 2021

EPS 5\$ by 2020

Analysis

Digitization

Technology Landscape
is growing and
becoming more
complex



Need to capture on
digitalization

Customers appetite for
digital models is
increasing



Capturing customer
demand is crucial

Competitors recognize
the importance of
digital disruption



Be market leaders

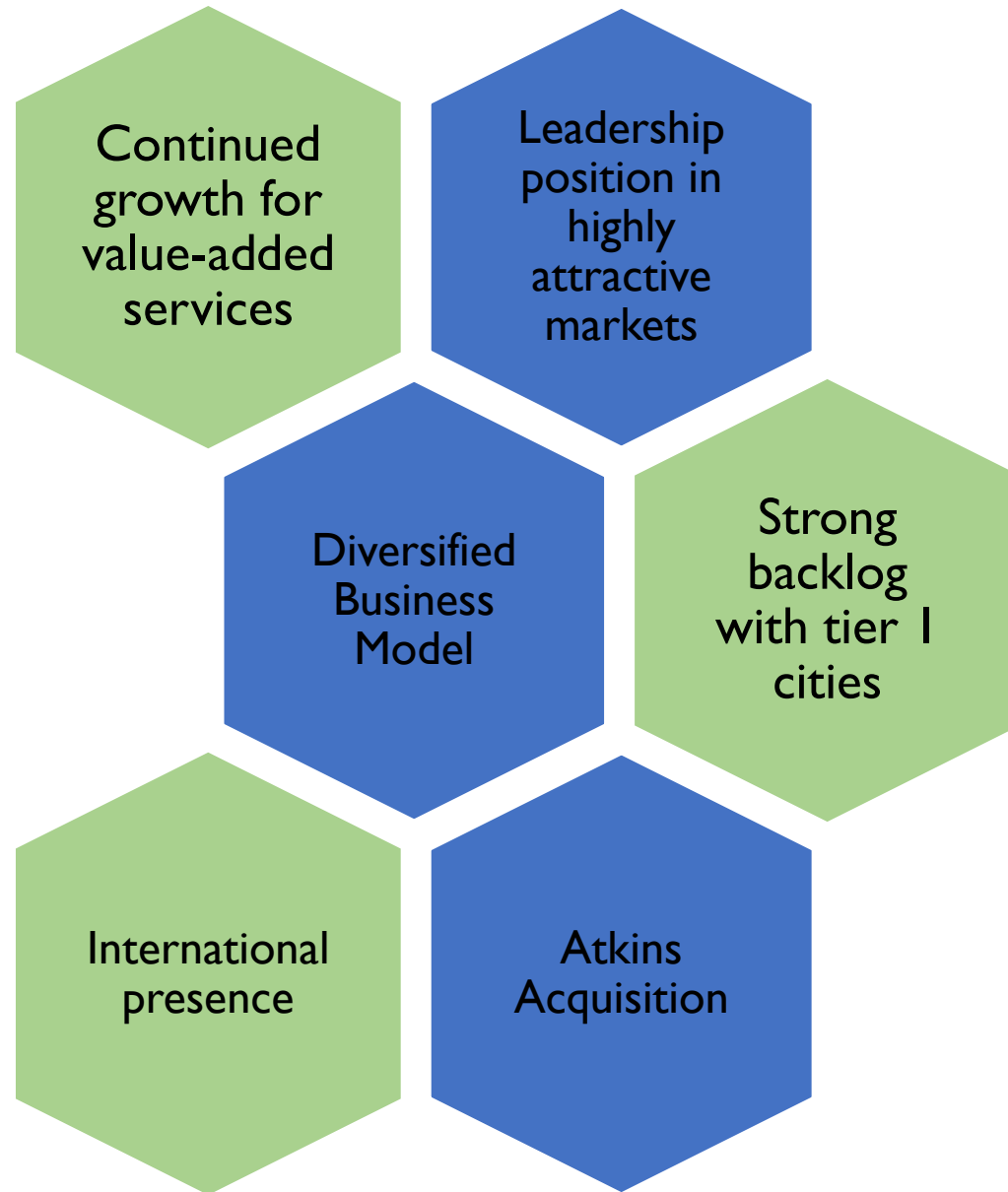
Analysis

Strategy

Implementation

Financials

SNC's Strengths



Analysis

Strategy

Implementation

Financials

SNC's Business Model Today

Highly Diversified Business Model

EDPM's Revenues share doubled from 16% in 2017 to 32% in 2018

75% reimbursable and Engineering Service Contracts

25 % EPC Fixed-Price Contracts

Challenges Faced due to Digitization

Engineering Services

- Decrease in billable hours
- Decrease in revenues
- Decrease needs for services

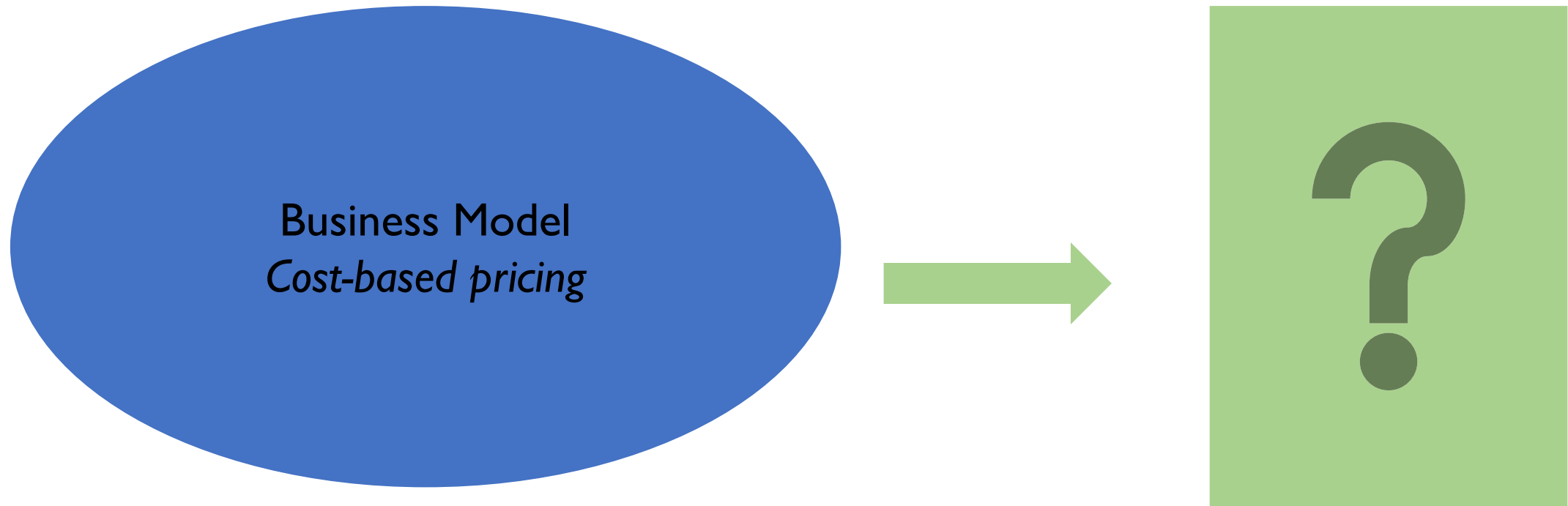
Challenges Faced due to digitalization

Investing more in technology

- Funds availability
- Keep R&D as minimal as possible
- Delivering an EPS of 5\$

How to implement digitalization at a low cost while still increasing revenues

Disruption of the Business Model



Analysis

Strategy

Implementation

Financials

Strategic Alternatives

Strategy: Alternatives

I Invest in Clean energy Technology

- Focus on Patent development for deep water wind turbines & solar power
- Secure market share in growing market

Strategy: Alternatives

1 Invest in Clean energy Technology

- Focus on Patent development for deep water wind turbines & solar power
- Secure market share in growing market

2 Partner with a leading company in AI

- Choose a major AI player such as IBM
- Create partnership to leverage synergies

Strategy: Alternatives

1 Invest in Clean energy Technology

- Focus on Patent development for deep water wind turbines & solar power
- Secure market share in growing market

2 Partner with a leading company in AI

- Choose a major AI player such as IBM
- Create partnership to leverage synergies

3 Empower innovation to capture digital growth

- Empower employees to collaborate & innovate
- Focus on projects where digital expertise in EDPM & maintenance is needed

Strategy: Alternatives

I Invest in Clean energy Technology

Advantages

- In line with vision for a carbon-less future
- Leverage Atkins acquisition to gain access to the Northern sea

Disadvantages

- High Capital Expenditure
- Long term to achieve revenue
- Harder to convince shareholders

Analysis

Strategy

Implementation

Financials

Strategy: Alternatives

2 Partner with a leading company in AI

Advantages

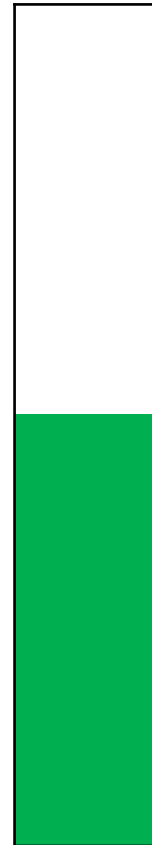
- Leverage synergies between the 2 companies
- Minimal capital expenditure

Disadvantages

- Overlapping projects with digital & AI service offering
- High dependency on partner
- Complex collaboration

Analysis

Strategy



Implementation

Financials

Strategy: Alternatives

3 Empower innovation to capture digital growth

Advantages

- Increasing revenue stream
- Reduce costs
- Leverage internal capabilities
- Strengthen SNC's position as a leader in EDPM

Disadvantages

- Extensive employee training

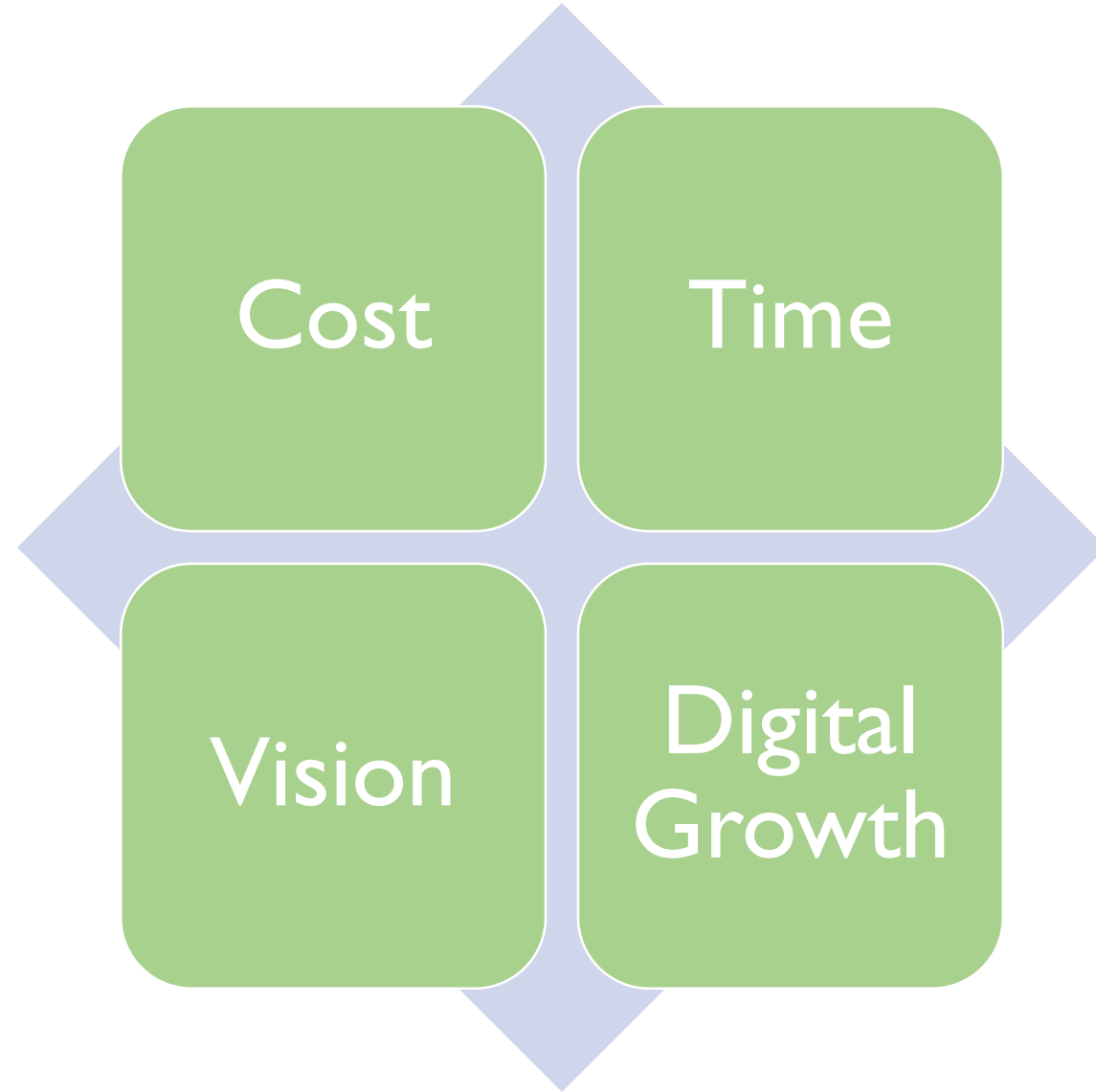
Analysis

Strategy

Implementation

Financials

Strategy: Decision Criteria



Analysis

Strategy

Implementation

Financials

Strategy: Decision

	Cost	Growth	Vision	time	total
Invest in green technology	---	++	++	---	-2
Partner with AI company	-	+	+	++	+3
Empower & capture	--	+++	+++	+	+5

Analysis

Strategy

Implementation

Financials

Strategy: Decision

	Cost	Growth	Vision	time	total
Invest in green technology	---	++	++	---	-2
Partner with AI company	-	+	+	++	+3
Empower & capture	--	+++	+++	+	+5

Analysis

Strategy

Implementation

Financials

Strategy: Alternatives

1 Invest in Clean energy Technology

- Focus on Patent development for deep water wind turbines & solar power
- Secure market share in growing market

2 Partner with a leading company in AI

- Choose a major AI player such as IBM
- Create partnership to leverage synergies

3 Empower innovation to capture digital growth

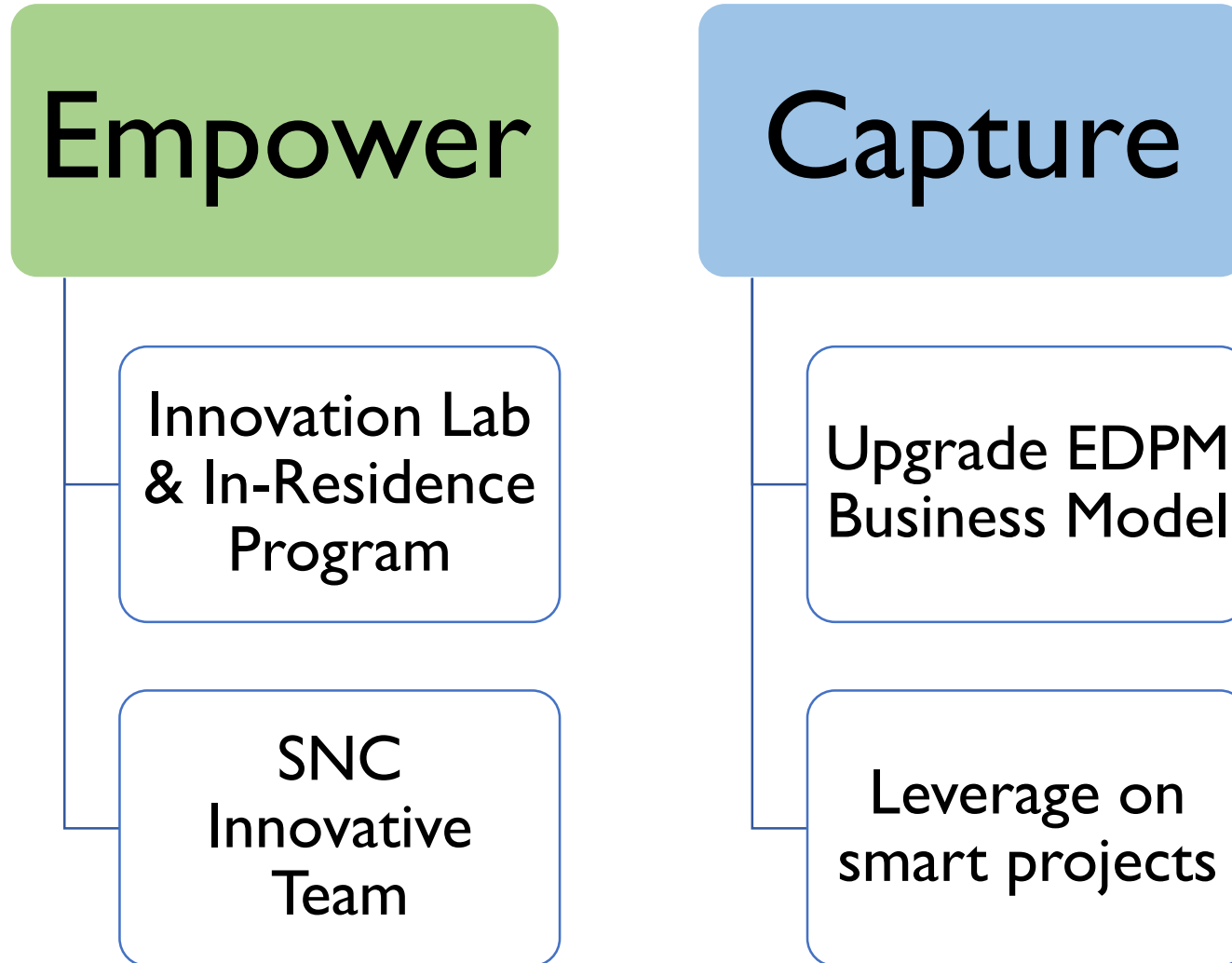
- Empower employees to collaborate & innovate
- Focus on projects where digital expertise in EDPM & maintenance is needed

Implementation

Recommendation

Empower innovation to Capture digital growth

Road To Success



Analysis

Strategy

Implementation

Financials

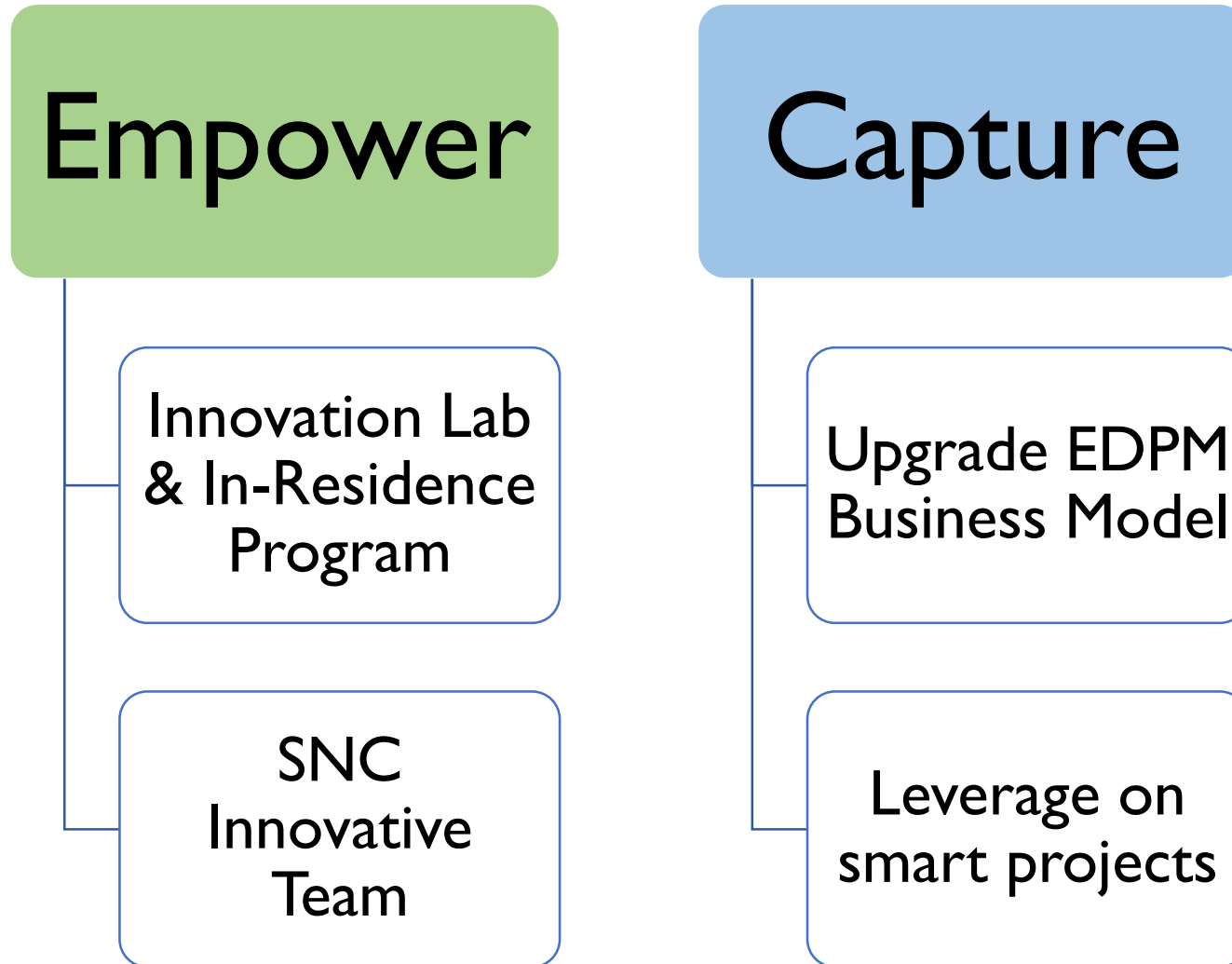
Implement Innovation Lab

- Motivate employees to come up with creative digital solutions
- Leverage on in-house skills

Implement In-Residence Program

- SNC employees to work side by side with startups in the engineering contracting industry
- Leverage on future innovative solutions

Road To Success



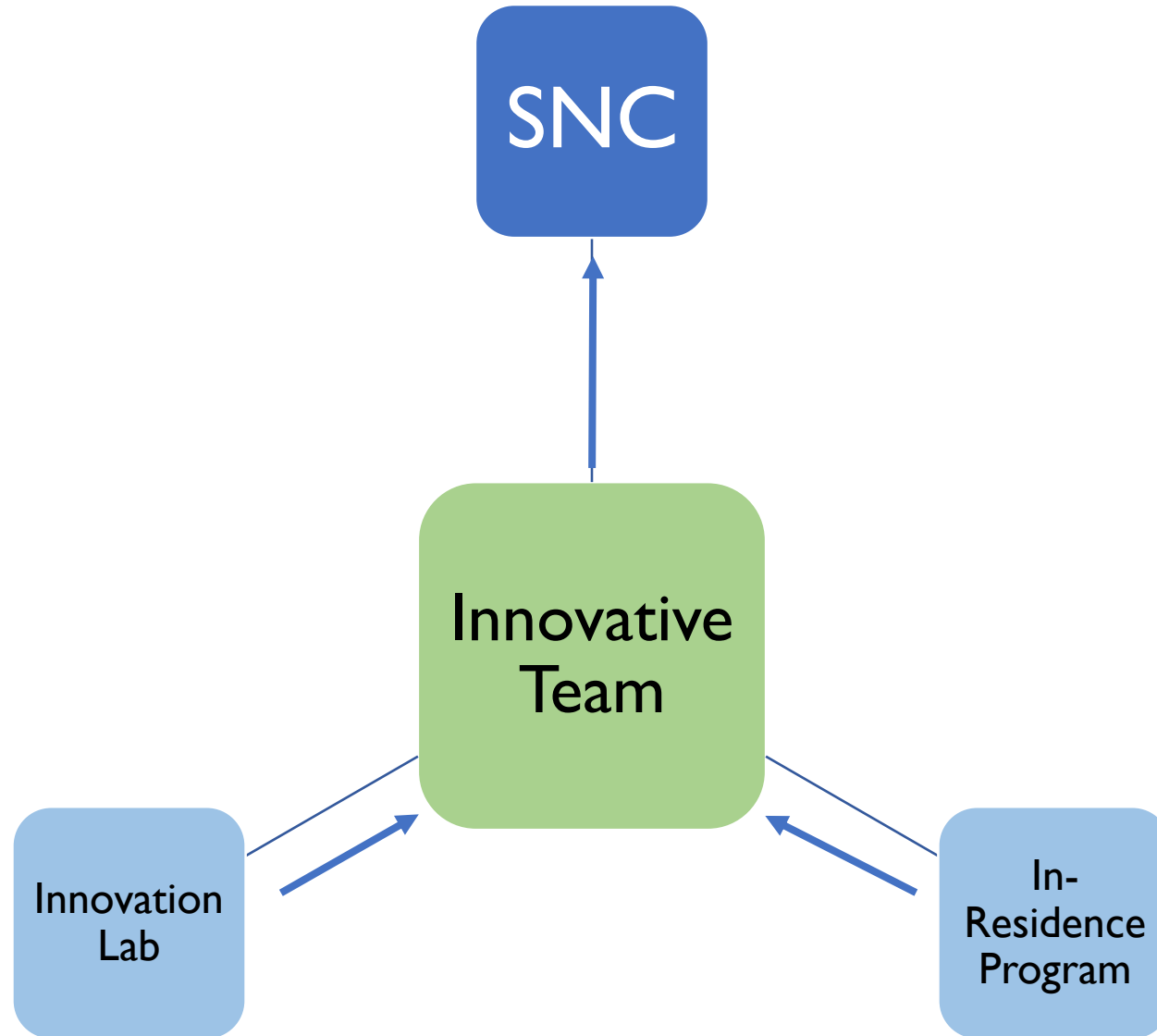
Analysis

Strategy

Implementation

Financials

SNC Innovative Team : **bridge between ideas and people**



Analysis

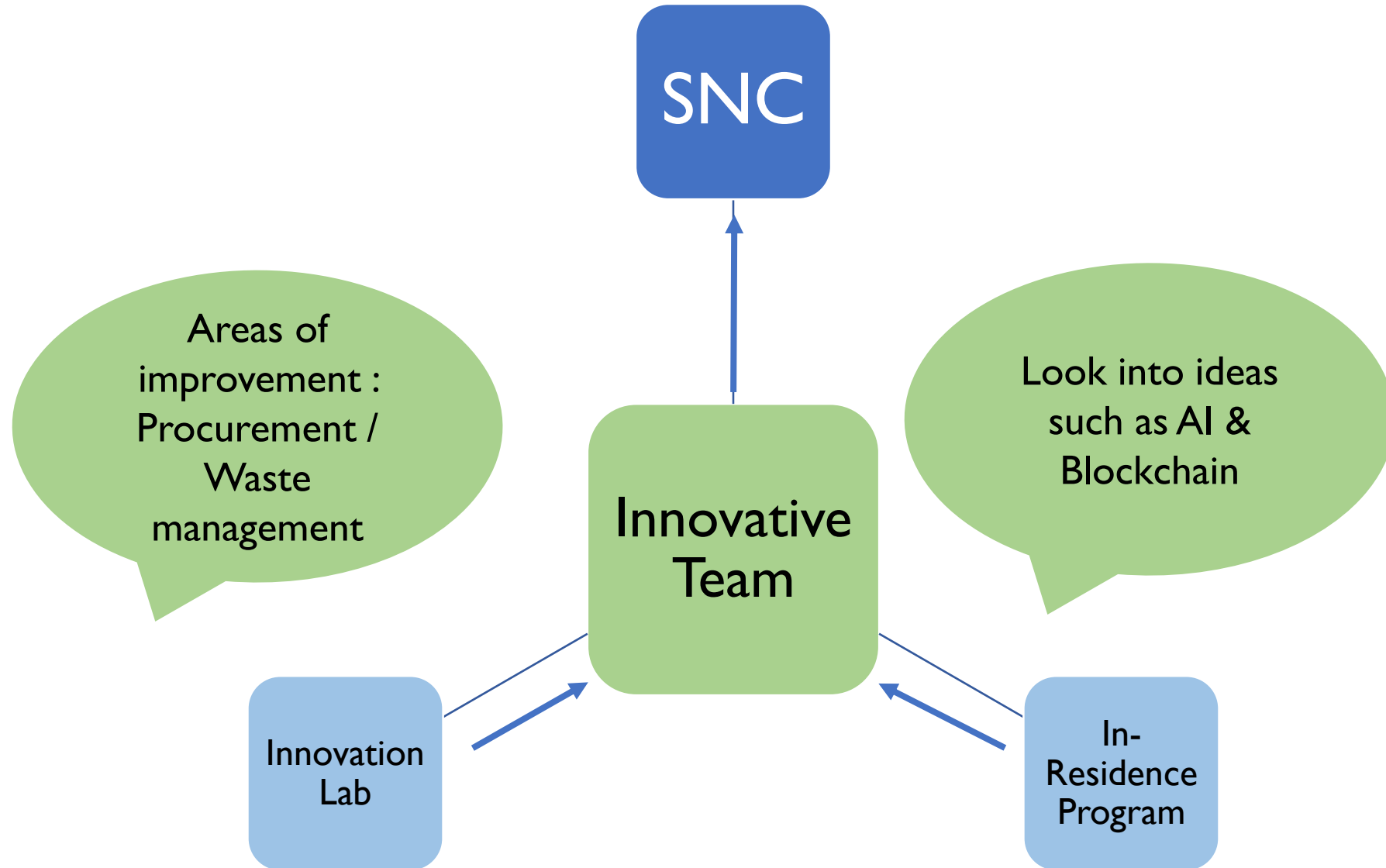
Strategy

Implementation

Financials

Focus on targeted solutions

Pillar 1



Analysis

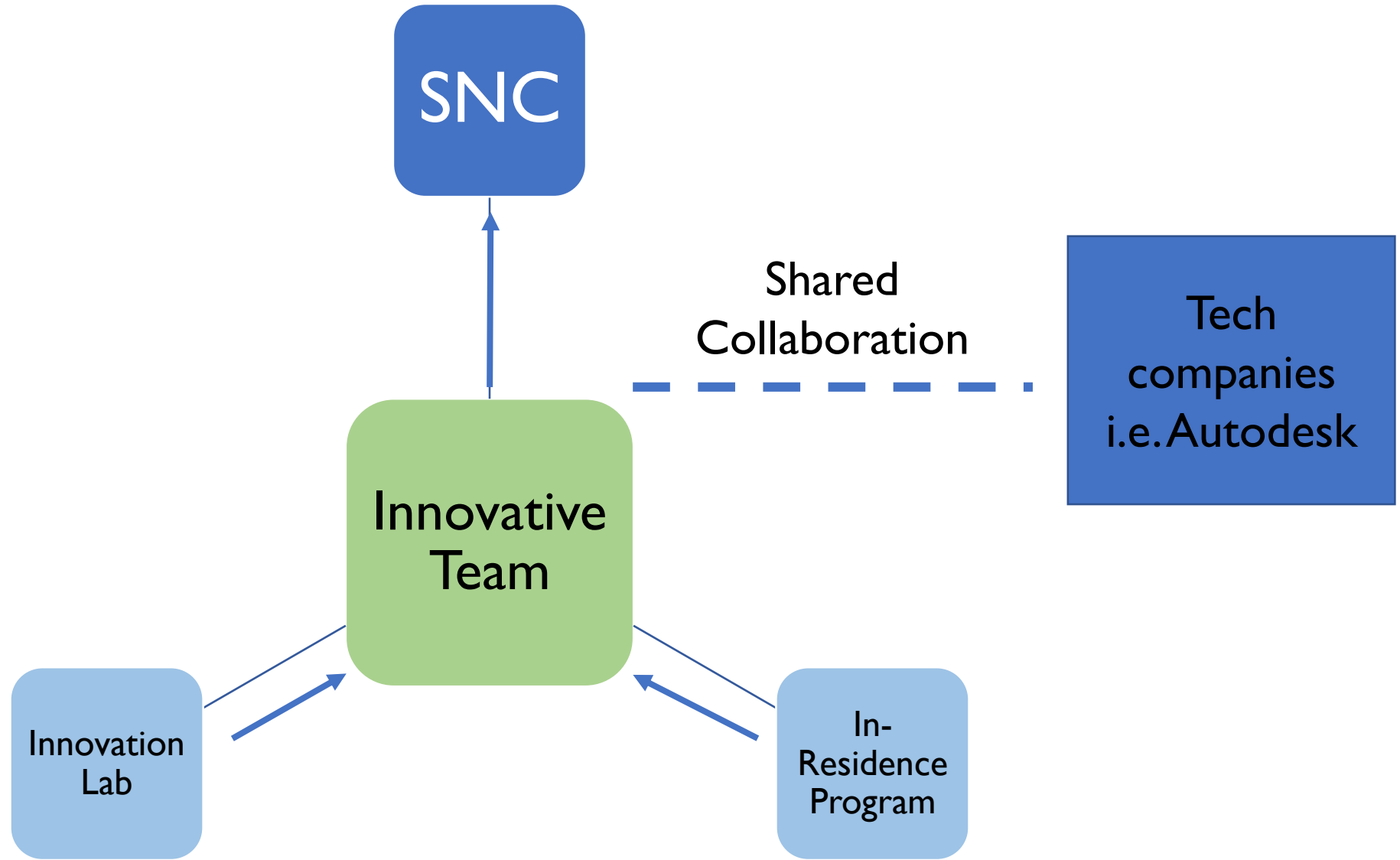
Strategy

Implementation

Financials

Even Shared Collaboration

Pillar 1



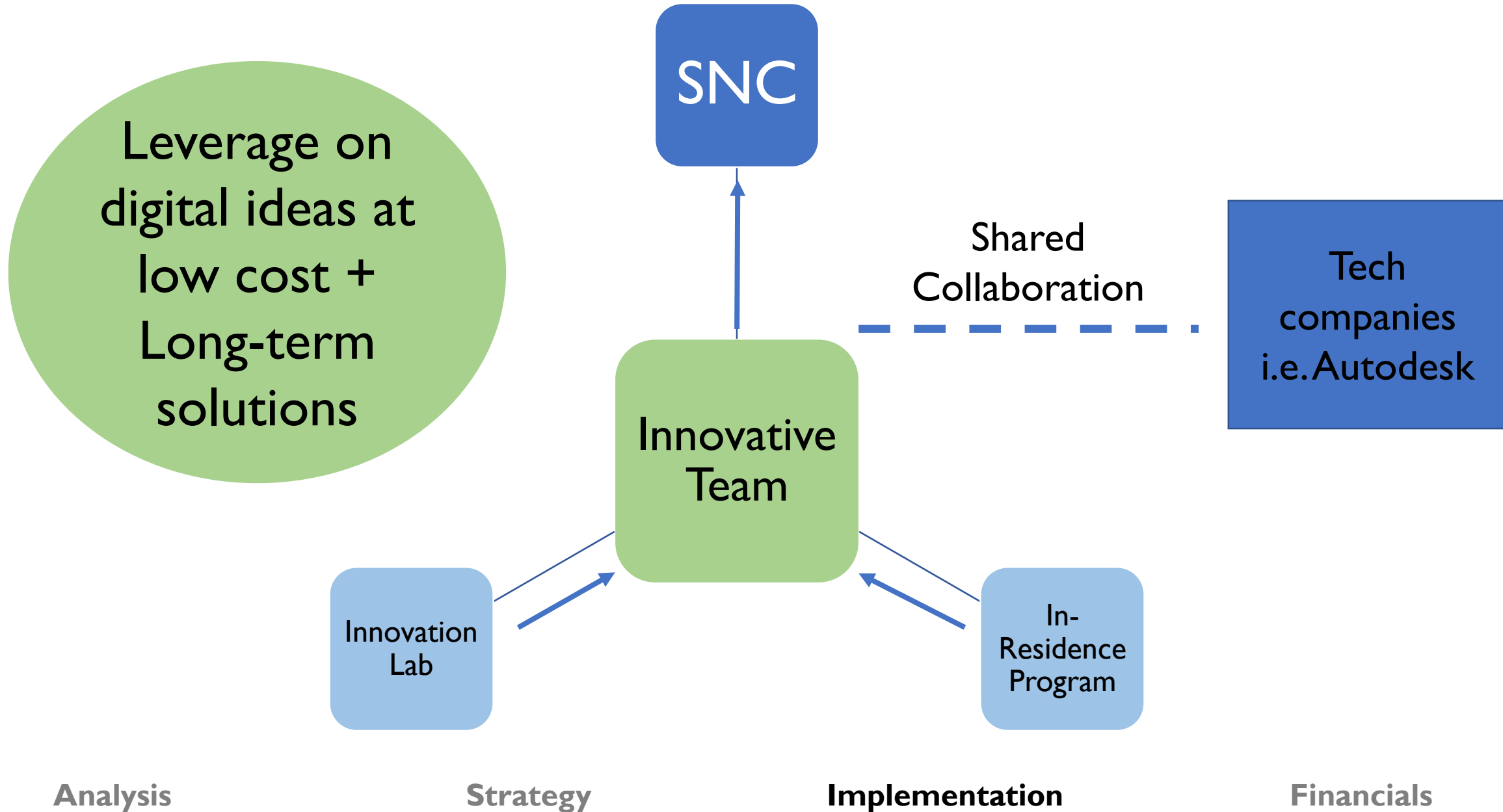
Analysis

Strategy

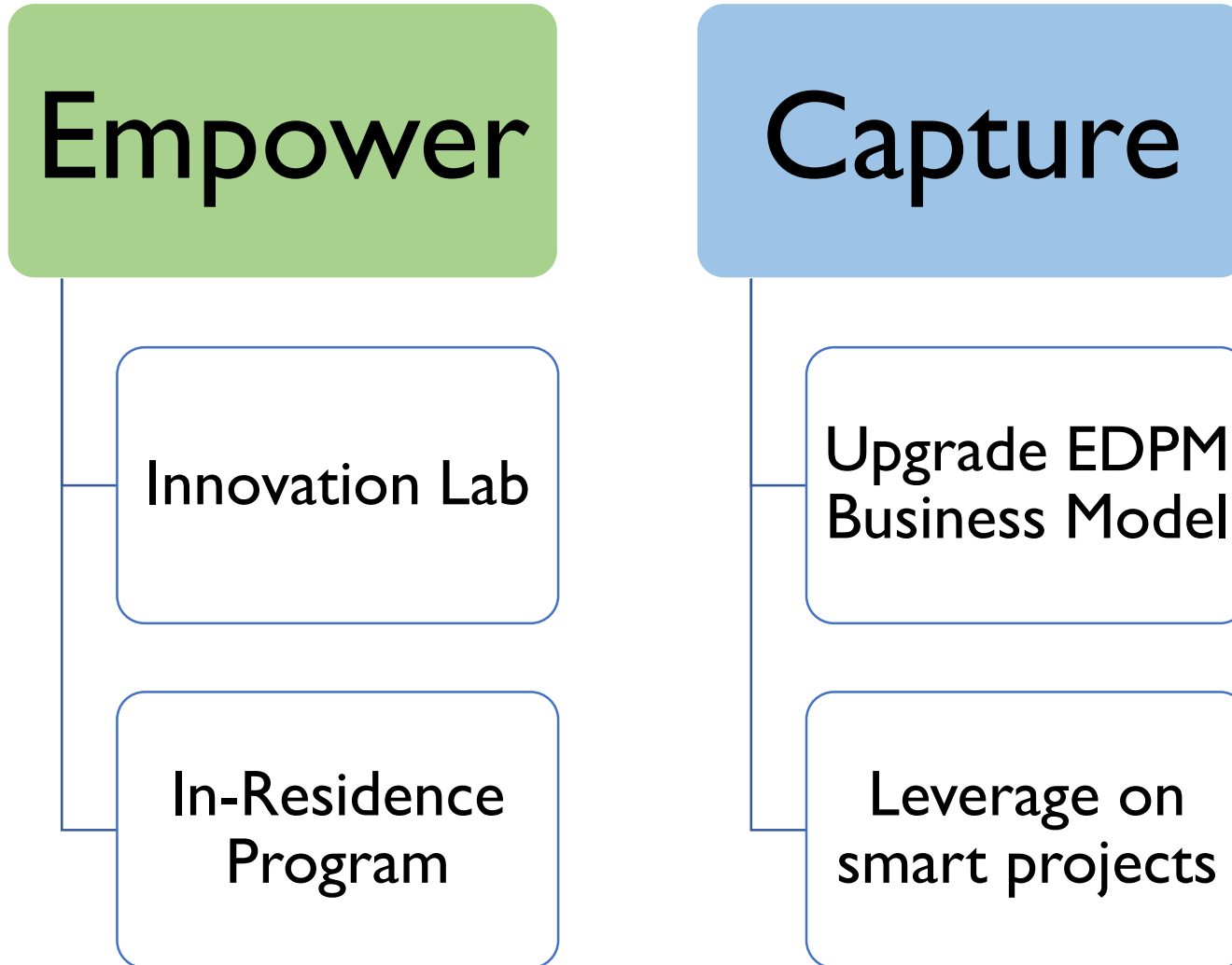
Implementation

Financials

SNC Innovative Team : bridge between ideas and people



Road To Success



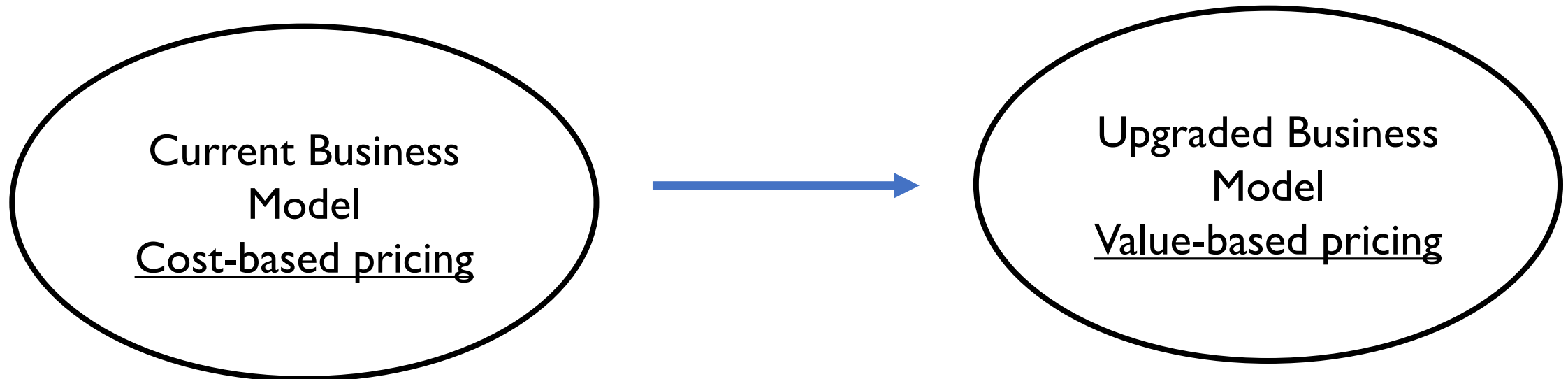
Analysis

Strategy

Implementation

Financials

Upgrade EDPM Business Model

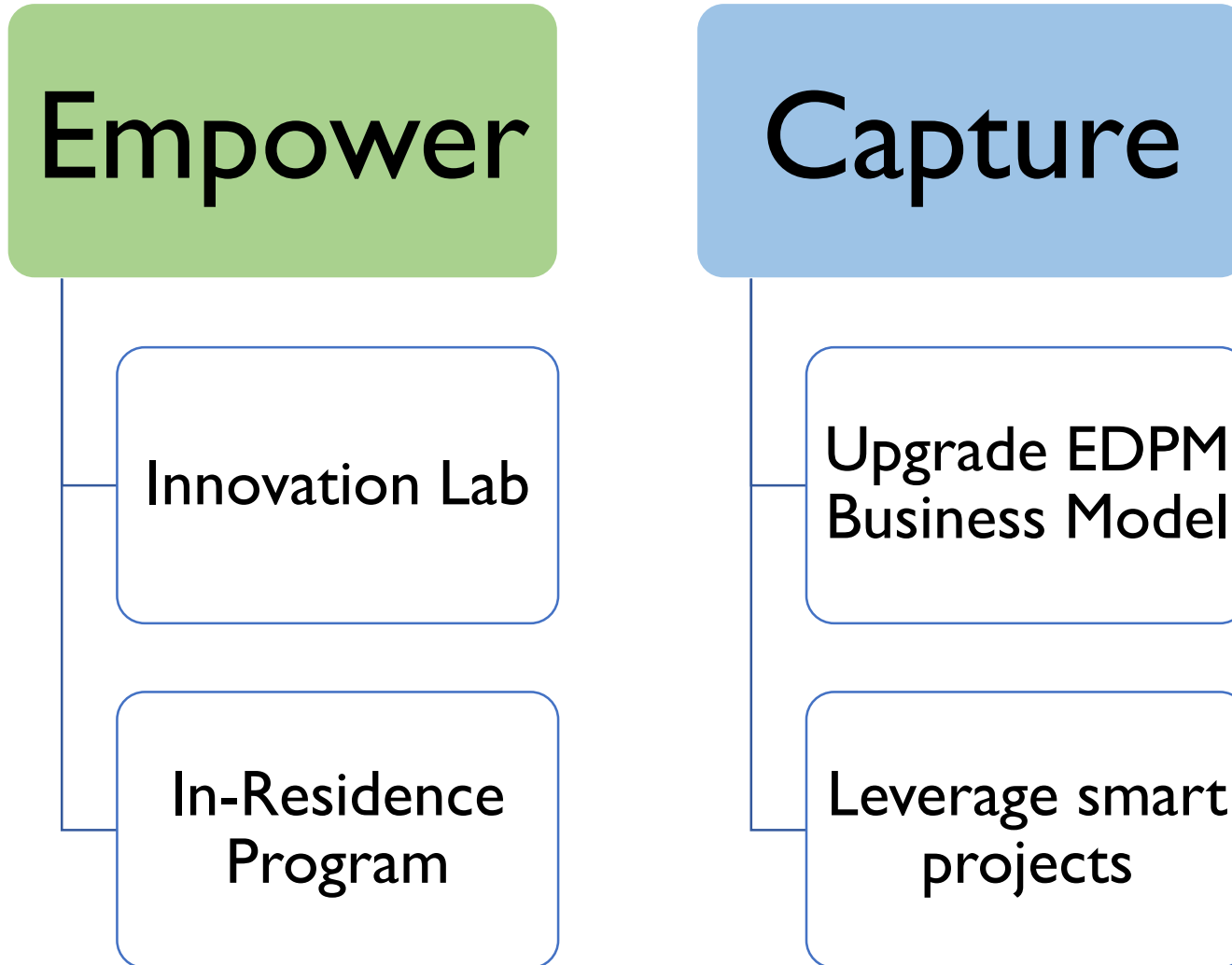


Feasibility of Value-based BM

- ✓ Leverage digitization to cut costs
- ✓ Accurate project predictability
- ✓ Attractive model for clients

Increase profit margin

Road To Success



Analysis

Strategy

Implementation

Financials

Existing Projects

- Implement smart infrastructure
- Digitalize operations
- i.e. Airport

Potential Projects

- Focus on upcoming smart projects
- Leverage on Expo Dubai “Connecting Minds”
- i.e. Building future smart facilities/cities

Existing Projects

- Implement smart infrastructure
- Digitalize operations
- i.e. Airport

Potential Projects

- Focus on upcoming smart projects
- Leverage on Expo Dubai “Connecting Minds”
- i.e. Building future smart facilities/cities

Digitization and Brand Reputation

Strategy Timeline

Million USD	2019	2020	2021
Innovation Team			
Innovation Lab & In-Residence Program			
Launch new business model			
Focus on smart projects/cities			
Leverage acquired digitization			

Analysis

Strategy

Implementation

Financials

Strategy Costs

Million USD	2019	2020	2021
Innovation Team	7	5	5
Innovation Lab & In-Residence Program			
Launch new business model	2	1	1
Focus on smart projects/cities	3	3	4
Leverage acquired digitization		2	5

Total Cost 38M\$

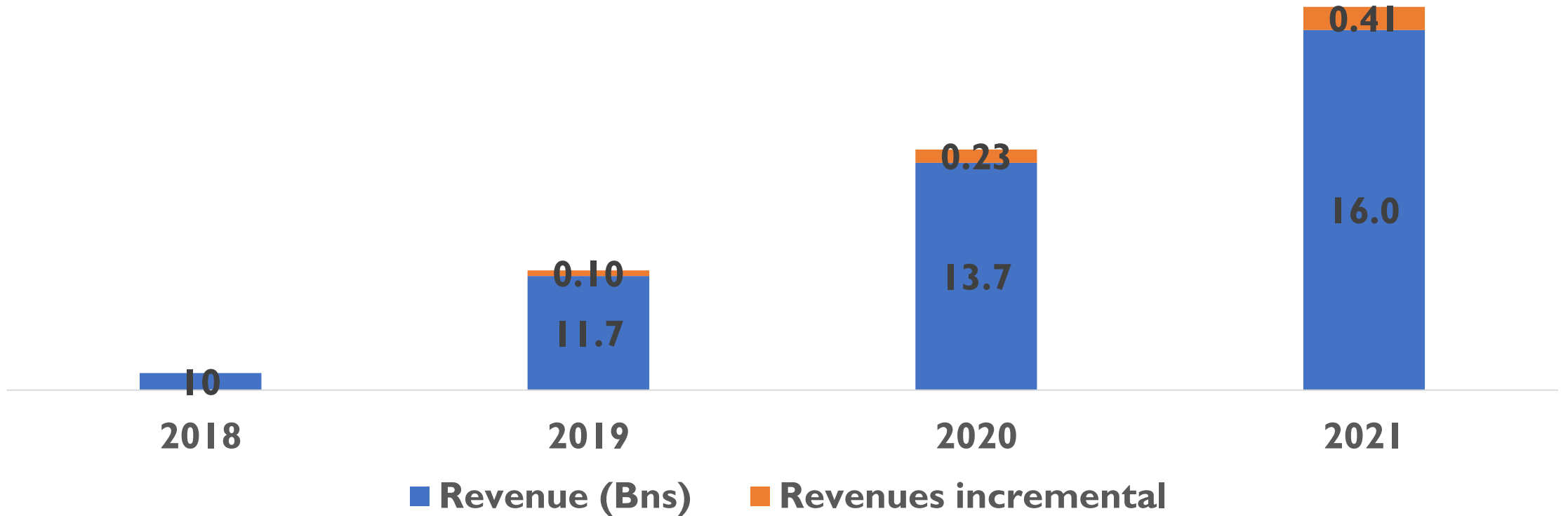
Analysis

Strategy

Implementation

Financials

Revenue



Increase in Revenue 2%

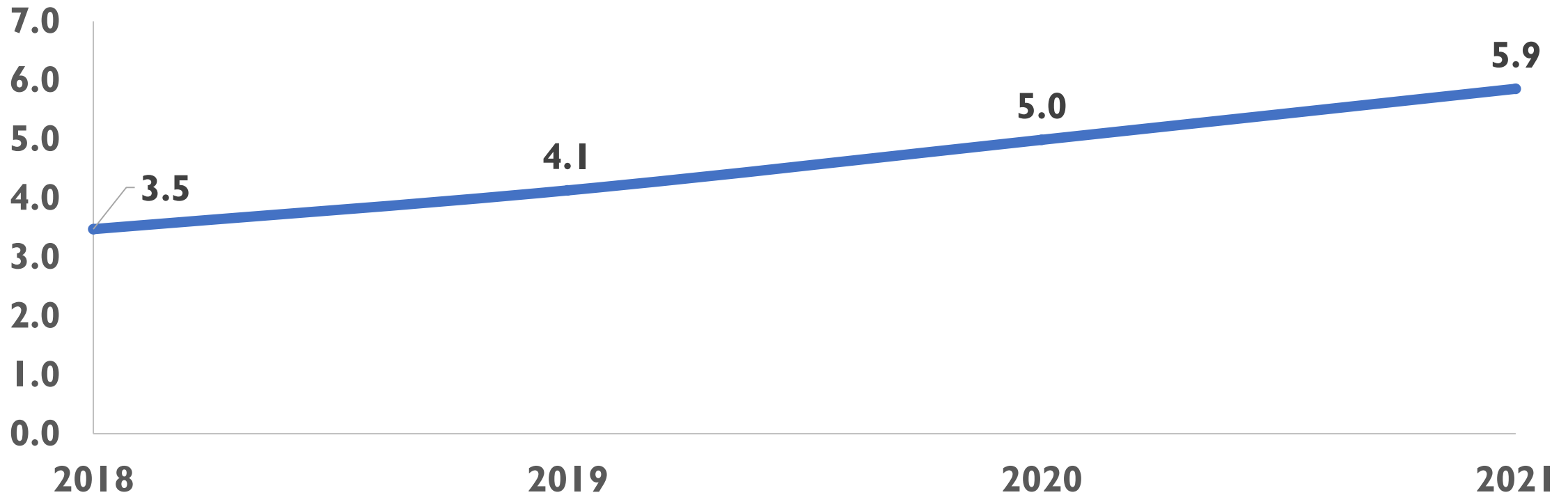
Analysis

Strategy

Implementation

Financials

Earnings per Share



Reach 5\$ EPS
Achieve Sustainable Digital Growth

Analysis

Strategy

Implementation

Financials

Risks & Mitigation

Risks & Mitigation

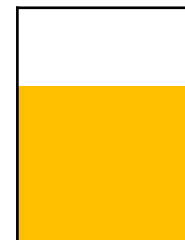
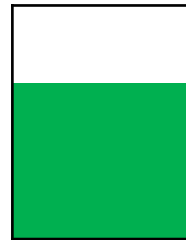
Risks

Probability

Impact

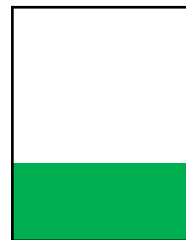
Mitigation

Middle management resistance to digital transformation



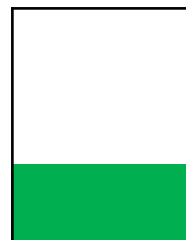
Empower digital transformation from higher management

Barriers to collaborate are higher with international offices



Utilize communication solution such as Yammer to enhance collaboration

Overlapping creative ideas from innovative workforce



Democratize access to innovation

Analysis

Strategy

Implementation

Financials & Risks

Conclusion

Issue

How can SNC embrace digitization while growing further?

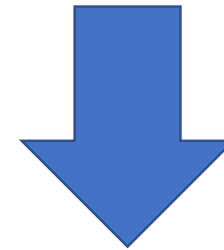
Strategy

Empower innovation to Capture digital growth

KPIs

Revenue increase by
2% by 2021

EPS 5\$ by 2020



Appendix

Appendix

	2018	2019	2020	2021
Revenue Baseline (Bns)	10	11.6	13.5	15.6
Revenue (Bns)	10	11.7	13.7	16.0
Revenues incremental	0.00	0.10	0.23	0.41
Profit Margin	6.1%	6.2%	6.4%	6.4%
Profit (M)	610	725	876	1028
eps	\$ 3.5	\$ 4.1	\$ 5.0	\$ 5.9
Profit incremental (M)	0	6	15	26