

SNC-LAVALIN

ORT Consultancy Group

Situation

- Diversified Business Model – End-to-end services
- Revenues
 - EDPM
 - 2017: 18%
 - 2018: 32%
- Atkins acquisition

Situation

Challenge

Analysis

Alternatives

Recommendation

Implementation

Finance

Complication

Industry

- Technology advances (increase in firms, clusters, investment)
- Landscape changed in 12 months for EDPM services – Digital disruption.

Situation

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Challenge

How to redefine Business Model in response to current digital transformation?

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Analysis external

Threats

- Complex landscapes / changes in market
- Competitors / digital transform
- Up work platform
- Customer using data: sophistication

Opportunities

- New trends: Event driven architecture & Cloud computing
- Emerging economies (South America) w/ demographic growth
- Clients access to information: interest for technology

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Analysis internal

Business model

Organization model 50 countries Cultural mix alignment in process Values (Safety, integrity, collaboration, innovation)	Value proposition "Customer centric" Providing service to the client (competence & capability)
Clients Public / private Conservative / bold	Financial Participation in many companies Atkins acquisition (2017) EPS: \$5 Goal: distribute 30% of net income

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Analysis internal

Weakness

- Broad cultural mix
- No late investments in technology: far from tendencies
- Tech resources & capabilities spread in different areas and physical regions

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Analysis internal

Strengths

- Integrated in all value chain
- World wide company
- Entrepreneurial spirit
- Technology availability
- Resilience
- Diversify approach

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Decision criteria

Investment

Feasibility

Return investment to shareholders

Time to market

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Alternative #1 – Identify companies working on Deep Learning and acquire it

Decision criteria		Detail
Investment	✘	- Invest in acquisition
Feasibility	✔	+ Growth in company number that are working on this
Return investment to shareholders	✘	+ Acquisition could arise difficult in repayment
Time to market	✘	- Time cost

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Alternative #2 – Expand to South America

Decision criteria		Detail
Investment	=	- Develop Sales Department
Feasibility	✓	+ Global company with proven experience. + Lava Jato: opportunity for you
Return investment to shareholders	✓	+ Expand clients portfolio increase revenues
Time to market	✓	+ Growing economies + Already working on SA

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Alternative #3 – New Business Unit: Innovation Circle

Decision criteria		Detail
Investment	=	+ Already have resources you should put them to work together
Feasibility	✓	+ Previous experience in team assembly
Return investment to shareholders	✓	+ Expand clients portfolio increase revenues
Time to market	=	- Implementing this projects takes time

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Decision criteria	Identify companies working on Deep Learning and acquire it	Expand to South America	New Business Unit: Innovation Circle
Investment	✗	=	=
Feasibility	✓	✓	✓
Return investment to shareholders	✗	✓	✓
Time to market	✗	✓	=

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Recommendation

Short term

- Strengthen your position in South America
- Growing economies: increase in urban population

Long term

- New Business Unit: Innovation circle
- Look for HR experience inside the company
- Gain experience from past and current projects: Leverage on your existing DATA

Goal 2023:

- IOT in all projects: insights about usage improves productivity
- Event Driven Architecture: complete integration in value chain

Aligned with SNC-Lavin values: Innovation, Safety, Collaboration

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GANTT - SA		T1/201	T2/201	2020	2021	2022	2023
South America - Team	Select a Leader with related cultural background	█					
	Create a team of sellers	█					
	Create a team of engineers and designers	█					
South America - Alliances	Alliances with Local Companies	█	█				
	Asuncion, Paraguay	█	█				
	Santiago, Chile	█	█	█			
	Santa Cruz, Bolivia		█	█			
	Bogota, Colombia		█	█			
South America - Projects	Execute projects		█	█	█	█	█

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GANTT - IC		T1/201	T2/201	2020	2021	2022	2023
Innovation Circle - Team	Select a Leader with entrepreneurial background	█					
	Select people from different sectors	█					
	Create new Unit	█					
	Work mainly remotely	█	█	█	█	█	█
	Work together once a month	█	█	█	█	█	█
Data	Collect data and value from different sectors	█	█				
	Organize information	█	█				
	Distribute information			█	█	█	█
Innovation	Internal group	█	█	█	█	█	█
	Company (events). Integrate.	█	█	█	█	█	█
	External (hackatons). Open innovation.	█	█	█	█	█	█

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GANTT		T1/201	T2/201	2020	2021	2022	2023
Project Management	Digital Twins to improve process						
Tech	IoT in infrastructure						
	Information services (insighths to clients)						
	Artificial intelligence - Event-drive Arch.						

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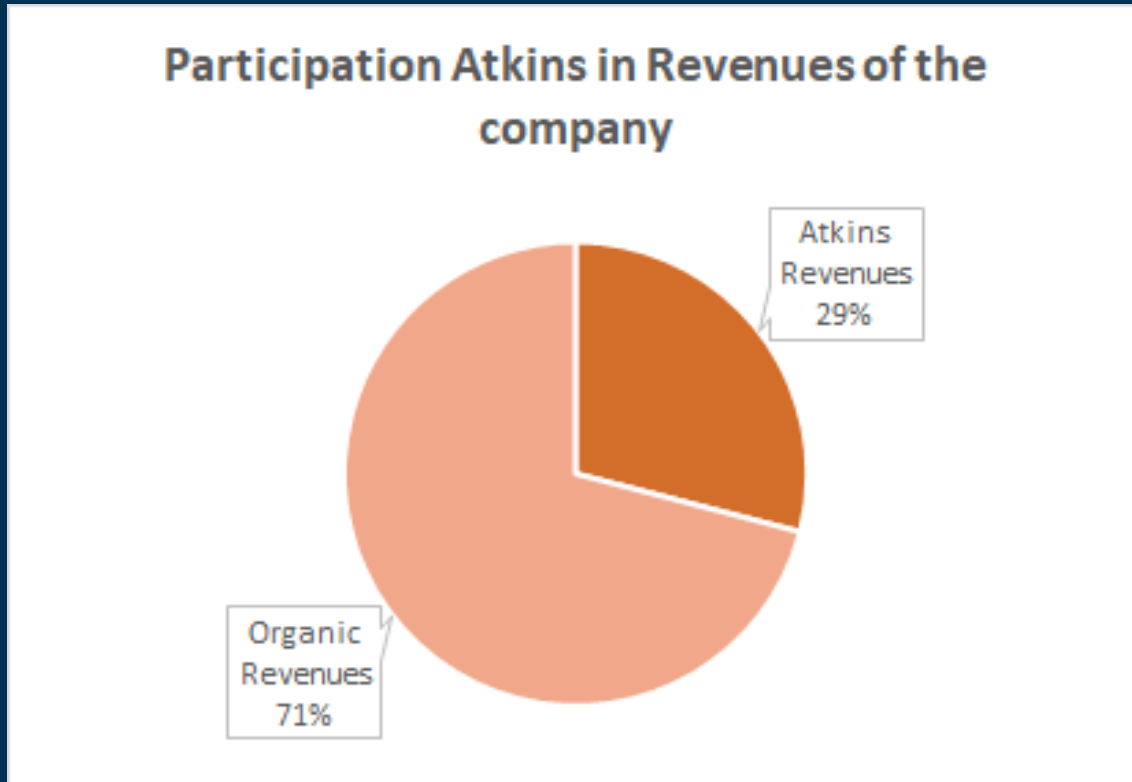
Current Situation

- 75% Reimbursable
- 25% Fixed Contract

Projected Situation

- 65% Reimbursable
- 25% Fixed Contract

Financial



Projected: Atkins is going to acquired more relevance into the company's revenues

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Financial

		(Billion of dollars)					
		FORECAST INCREMENTAL INCOME STATEMENT					
		2018	2019	2020	2021	2022	2023
125%	Revenues Reimbursable Service	7.35	9.2	11.9	15.5	20.2	26.2
75%	Revenues EPC Fixed- Price	2.45	3.1	4.3	5.5	7.2	9.4
25%	South America Revenues		0.98	2.45	2.94	3.92	4.9
	Total Revenues		13.2	18.7	24.0	31.3	40.5
	Cost R&D		-5	-4	-2	-2	-2
	South america Sell Team		-0.02	-0.05	-0.06	-0.08	-0.10
	South america Regional Management		-0.02	-0.02	-0.02	-0.02	-0.02
	Others Costs		-9.3	-9.3	-12.0	-15.6	-20.2
	total costs		-14.30	-13.39	-14.08	-17.75	-22.36
	EBITDA		-1.07	5.26	9.92	13.55	18.13

Assumption: Other Costs: 50% of Revenues

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How can the company gets funds?

- Investors in emergent economy
- Sell TC Dome (France company 51% participation)

Risks

- Brexit – Risk level: Medium
Mitigation: Diversify business
- HR don't want to migrate to South America – Risk level: Low
Mitigation: Incentives
- Don't get HR with experience: – Risk level: Low
Mitigation: attractive proposal

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Goals achieved

Competitive

Increase revenues / repay shareholder

Aligned with tendencies