“We are not selling a car, we are selling the concept of a car and all the knowledge behind it; making markets that would be impossible for us to conquer now reachable.”

Unity cars 2018
The core values of SCN LAVALIN

Safety
Integrity

Collaboration
Innovation
What is this all about?

Current business + Tech Stack = Global growth
Applying the Tech stack business model

- Competence Cloud
- Local subcontractors
- Digital management tools
- Data Analysis Hub
Building what matters

<table>
<thead>
<tr>
<th>Great heritage</th>
<th>Projected revenue of $10 b</th>
<th>50,000+ employees</th>
</tr>
</thead>
</table>

Great heritage

Projected revenue of $10 b

50,000+ employees
The current challenges for SNC LAVALIN

Digitalizing the business model

Leveraging the core competences

Enabling continued growth
Main Challenge

- How can SNC LAVALIN sustain competitive advantage and profitability in the face of digital transformation?

Recommendation

- Developing a capital light business model for expansion based on a tech stack enabling scalability and organizational memory.
Shift from rural to urban centers

Low level of digitalization

Population growth (+2B, 2050) demanding more infrastructure

Productivity (value per hour) lagging behind
Who are your customers?

**Wants**
- Top talent
- Top experience
- Efficiency and world class service

**Needs**
- Increased public accountability calls for transparency
- Cost efficiency
- Cutting edge, but proven solutions
Developing a sense of urgency for digital transformation

Disrupting technology

- Blockchain (P2P contracting)
- Additive manufacturing
- Machine Learning
- Automation

Where to play

- CUSTOMER EXPERIENCE
  - Safety
  - Organizational competence
  - Service
  - Delivery
Looking at a disruptor in another space

Unity

Developing Mobility as a service (MaaS)

Business Model: Tech Stack

Capital light model turns Unity into a tech company, not a car company

“Selling the idea of a car, not producing the car itself”
• Big bet on US, UK and Canadian PPP's to restructure ownership

• Develop Blockchain-based marketplace for contractors to enable agile project formations

• Trial capital light, tech-stack business model to drive sound expansion in emerging market
Evaluation criteria:

1. Maintain and strengthen brand core
2. Drive profitability
3. Defend market position against disruption
Evaluating the alternate routes

- Maintain and strengthen brand core
- Drive profitability
- Defend market position against disruption
Main Challenge

• How can SNC Lavalin sustain competitive advantage and profitability in the face of digital transformation

Recommendation

• Developing a capital light business model for expansion based on a tech stack enabling scalability and organizational memory
Applying the Tech stack business model

- Competence Cloud
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- Data Analysis Hub
Explaining the recommendation in three steps

**Key objectives**

- Knowledge sharing and scaling
- Expand market and cut costs
- Predicting potential growth point

---

**Create Techstack**
Migrating organizational competence and reputation to cloud

**Local contractor partnerships**
Develop online “marketplace”

**Data management**
Establish data ownership for performance tracking, predictive maintenance market intelligence
Three main building blocks for implementation

Tech Stack
- Knowledge sharing and scaling
- Outsourcing construction
- Predicting potential growth point

Outsourcing construction

Centralize data

Knowledge sharing and scaling

Expand market and cut costs

Predicting potential growth point
Emphasize SNC LAVALIN competitive advantage

Tech Stack

- SNC-Lavalin cloud aggregating organizational memory
- Project management team
  - HR
  - IT
- Building cloud platform
  - Restricting access based on hierarchy
  - Employee informed
- $50m
Transforming towards capital light model

Outsourcing construction

- Partnership with local contractors (SMEs) through partnership platform
- IT
- HR
- Partnership for open bidding
- Setting threshold for quality and experience
- Recruitment with international background
- $25m
- $5m
- Increase budget $1-5m
Exploring new growing points with Atkins post-acquisition

Centralize data

• Integrate data from new model with Atkins database

• New team formed by Atkins and Lavalin’s data Analysts

• Synergy in tapping Atkins technology data
  • Predictive maintenance
  • Performance tracking

• $20m
Applying the Tech stack business model

- Competence Cloud
- Local subcontractors
- Digital management tools

Data Analysis Hub
SNL LAVALIN Cloud – 50m

Partnerships in new markets

Data integration

<table>
<thead>
<tr>
<th>Costs ($)</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
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</thead>
<tbody>
<tr>
<td></td>
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</table>

Growing point

Data Exploitation
## Costs of implementation

<table>
<thead>
<tr>
<th>Costs ($)</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
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<th>2023</th>
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<tbody>
<tr>
<td><strong>SNL LAVALIN Cloud – 50m</strong></td>
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<tr>
<td>Tech stack</td>
<td>2019</td>
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## Costs of implementation

### Outsourcing construction

<table>
<thead>
<tr>
<th>Outsourcing construction</th>
<th>2019</th>
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<tbody>
<tr>
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<td>Partnership system</td>
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<td>Build bidding platform</td>
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<td>Quality control</td>
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<td><strong>Sum</strong></td>
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</table>
## Costs of Implementation

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<thead>
<tr>
<th>Costs ($)</th>
<th>2019</th>
<th>2020</th>
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### Centralised Data

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2002</th>
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<tbody>
<tr>
<td>Collecting and monitoring data</td>
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</tbody>
</table>

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**Data integration**

**Data Exploitation**

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**Situation**

**Analysis**

**Alternatives**

**Recommendation**

**Implementation**

**Financials**

**Risks**

**Conclusion**
## Total costs of implementation

<table>
<thead>
<tr>
<th>Total investments</th>
<th>2019</th>
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<tr>
<td>Outsourcing construction</td>
<td>32</td>
<td>11</td>
<td>11</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>Data integration with Atkins</td>
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<td>20</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td><strong>Total</strong></td>
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<td><strong>38</strong></td>
<td><strong>38</strong></td>
<td><strong>38</strong></td>
</tr>
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</table>

Total funds needed: $245M

Covered by cash flows and internal funds
Revenue breakdown

Revenues

CAGR of 5%
2018-2026
Shift in operating expenses resulting in improved margins

EBIT margin increasing from 11% to over 25% in ten years

Less fixed costs → increased flexibility
Profit after investments

- 2019: 100.00
- 2020: 200.00
- 2021: 300.00
- 2022: 400.00
- 2023: 500.00
Investor perspective

- Keep dividend yield to satisfy investors
- 100% reimbursable in EDPM → less risk
- EPS improved as share remain the same but earnings increase

Capital light model good at facing economic downturns thanks to less fixed costs → less volatile
Risks and Mitigations

<table>
<thead>
<tr>
<th>Risk</th>
<th>Mitigations</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Quality assurance with new market entry</td>
<td>Only pre-approved contractors to bid on the marketplace</td>
</tr>
<tr>
<td>2. Competition copying business model</td>
<td>Reputation and first mover advantage hard to copy</td>
</tr>
<tr>
<td>3. Internal resistance to change in business model</td>
<td>Incremental change on top of existing business</td>
</tr>
</tbody>
</table>

Likelihood

1. Quality assurance with new market entry
2. Competition copying business model
3. Internal resistance to change in business model

Impact
Main Challenge

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Recommendation

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Digitalizing the business model

Leveraging the core competences

Enabling continued growth

SNC LAVALIN
Creating the possibility for a change in position

- Situation
- Analysis
- Alternatives
- Recommendation
- Implementation
- Financials
- Risks
- Conclusion

Global

Tech driven

Conservative

Local

SNC LAVALIN