Beekeeper – how to grow by disrupting the B2B communication

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UNIVERSITY OF PADERBORN
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Agenda

Analysis → Evaluation → Recommendation → Implementation → Outlook
Driving Question

Where to set the business focus for Beekeeper in order to grow?
- Go deep vs. go broad -

Challenges

- Define core business having new security regulations in mind
- Restructure inefficient organizational structure
- Stabilize existing contracts
Strengthen your baseline to accelerate global growth

**First step:** Securing business in hospitality industry by adapting products

**Second step:** Roll out to other industries

Implement a transparent but centralized corporate structure
Beekeeper

Agile and exciting Startup in tailored B2B communication industry

Collaboration  Simplicity  Open Mindedness  Proactiveness  Tolerance

USP: **Security** has always been a strength

Stick with core values and focus on strength in security

Analysis  Evaluation  Recommendation  Implementation  Outlook
Strong market & competitors

**Beekeeper**
- $13 mn
- US & Europe
- B2B deskless employees
- 80% revenues from **Hospitality**, Retail, Manufacturing
- 15 industries

**Slack**
- $790 mn
- Globally
- B2B diverse customer base

**Yammer**
- Globally
- B2B diverse customer base

**Whatsapp**
- Globally
- B2C customers

**Crew**
- US based
- B2B restaurant: Deskless customers

**Market:** GDPR (General Data Protection Regulation) – Security of personal data in Europe

Strong competitors in finance and market share → find core business
Organizational structure

Location
• Space becomes rare
• Time difference between USA and Europe

Employees
• Increasing complexity effecting productivity
• Overall employees 15 → 118 in 3 years
• Engineers 2 → 15 in 3 years → can’t serve the demand of tailored products

Responsibilities
• New layer of middle management
  • Everybody makes decisions
• Overlapping targets and responsibilities

Restructure physical and organizational settings and ensure sufficient engineers
## Ensure Liquidity for future growth

### Clients
- Expiring contracts not securely extended due to change in management

### Funding
- $13mn in funding but one investor stopped collaborating

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Ensure revenue streams and funding to have sufficient financial resources to grow
Challenges

Where to set the business focus for Beekeper in order to grow?
- Go deep vs. go broad -

- Define core business having new security regulations in mind
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Analysis  Evaluation  Recommendation  Implementation  Outlook
Decisions to face

#1 How to scale up and define your core business?

- **Go deep** – *Market penetration*
- **Go broad** – *New markets + industries*

#2 How to make your current organizational structure more efficient?

- **Centralization of functions**
- **Decentralization of functions**

Analysis  Evaluation  Recommendation  Implementation  Outlook
Decision Criteria

- **Cultural fit** → in accordance with 5 core values
- **Sustainable growth** → employee satisfaction
- **Expected benefits** → customer reach
- **Financial feasibility** → within budget of $2 Mn
How to define your core business?

**Go deep**
- Less competitive
- Specialization
- Increase global reputation

**Go broad**
- Diversification
- High growth potentials

Attract mainstream clients
Sophisticated industry knowledge

Unknown industry specifics
Reaching out to a new target group
Decision Matrix - # 1 core business

- **Go deep** – Market penetration
  - Cultural fit: 5
  - Sustainable growth: 4
  - Expected benefits: 4
  - Financial feasibility: 4

- **Go broad** – New markets + industries
  - Cultural fit: 4
  - Sustainable growth: 3
  - Expected benefits: 5
  - Financial feasibility: 5
Decision Matrix - #1 core business

First step
- Go deep – Market penetration
- Go broad – New markets + industries

<table>
<thead>
<tr>
<th>Cultural fit</th>
<th>Sustainable growth</th>
<th>Expected benefits</th>
<th>Financial feasibility</th>
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Analysis | Evaluation | Recommendation | Implementation | Outlook
Decision Matrix - #1 core business

First step
Go deep – Market penetration

Second step
Go broad – New markets + industries

Cultural fit | Sustainable growth | Expected benefits | Financial feasibility
---|---|---|---

Analysis | Evaluation | Recommendation | Implementation | Outlook
How to enhance efficiency in structure?

Centralization of functions:
- Keep HQ in Zurich
- All coordination only via HQ
- Transparency

Decentralization of functions:
- Keep HQ in Zurich
- Regional heads to coordinate
- Cost efficient
- Flexibility

Analysis
Evaluation
Recommendation
Implementation
Outlook
Decision Matrix - # 2 corporate structure

- Centralization of functions
  - Cultural fit: High
  - Sustainable growth: High
  - Expected benefits: High
  - Financial feasibility: High

- Decentralization of functions
  - Cultural fit: High
  - Sustainable growth: High
  - Expected benefits: High
  - Financial feasibility: High

**Analysis** | **Evaluation** | **Recommendation** | **Implementation** | **Outlook**
Recommendations

Strengthen your baseline to accelerate global growth

First step: Securing business in hospitality industry by adapting products

Second step: Roll out to other industries

Implement a transparent but centralized corporate structure
Implementation

What to do?

1. Define core business
2. Staff and responsibilities
3. Product placement
Implementation

What to do?

1. Define core business
2. Staff and responsibilities
3. Product placement
1. Defining your core business

<table>
<thead>
<tr>
<th>Focus: first step</th>
<th>Why?</th>
<th>Strengths:</th>
</tr>
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<tbody>
<tr>
<td>Hospitality</td>
<td>High efforts to ensuring cross compatibility</td>
<td>Great security systems</td>
</tr>
<tr>
<td>Manufacturers</td>
<td>Slow delivery</td>
<td>Compliant offerings in comparison to competitors</td>
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<tr>
<td>Retailers</td>
<td>Core values</td>
<td>Core values</td>
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<tr>
<td>Adress Asian region</td>
<td></td>
<td>Disrupting technology</td>
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</tbody>
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<table>
<thead>
<tr>
<th>Focus: second step</th>
<th>Second step</th>
<th>Keep in mind:</th>
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<tbody>
<tr>
<td>House Building Industry</td>
<td>Year 3: expanding in new segments</td>
<td>Regulatory issues</td>
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<td>Citz street maintenance</td>
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Establish core values in the existing business, afterwards boost your business and disrupt other markets.
Implementation

What to do?

1. Define core business
2. Staff and responsibilities
3. Product placement
1. Reorganization of staff and responsibilities

New Staff
- 10 more engineers in two years
- 3 Global heads
  - Europe
  - USA
  - Asia|Pacific
- 3 marketing agents for the regions

Benefits:
- Faster delivery
- More flexibility in cross compatibility
- Clear responsibility structure
- Contact persons for salesmen
- Broader customer approach

New Staff
- 2 floors office suite in central Zurich
- Bring all divisions together (shorter decision and connection ways)
- Do your core value: “Bring out the best in each other”

New corporate structure to offer your whole disrupting potential and be prepared for future expansion
Implementation

What to do?

1. Define core business
2. Staff and responsibilities
3. Product placement
1. Product placement

<table>
<thead>
<tr>
<th>Free trials</th>
<th>Security events:</th>
<th>Expiring Contracts:</th>
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<tr>
<td>• 6 month free test period</td>
<td>• Showing customers system security</td>
<td>10% discount - 3 years extending</td>
</tr>
<tr>
<td>• Salesmen support for implementation</td>
<td>• lows risk aversity</td>
<td>20% discount – 5 years extending</td>
</tr>
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“Bring out the best in each other”

Bring your disruptive potential to your customers
Asia as a potential market

High growing market

Big potential customer base

e.g. China as world's biggest economy

After a strong core business you can disrupt the world!
Implementation

What to do?

1. Define core business
2. Staff and responsibilities
3. Product placement
## Roadmap

### Organizational changes

|-----------------------|--------------|--------------|--------------|--------------|---------------|

**Hire new staff:**
- 10 Engineers: $900k/yr
- 3 Marketing experts: $210k/yr
- 3 Global Heads: $270k/yr
- 5 Salesmen for Asia: $200k/yr

**Moving to a new building:**
- Add. $200k/yr

**Free Trials for potential new customers**

**Bonus System for existing customer**

**Marketing for other industries**

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**Total amount:** $1.8 mn/yr additional costs
1. **Risk: Macro-economic situation is getting worse**
   -> Spreading our business in a second step in order to diversify risk

2. **Risk: Short term focus on three businesses leaves out revenues in other businesses**
   -> Learn from core businesses in order to implement them on others long term wise

3. **Risk: Negative impact on Beekeeper’s DNA**
   -> Restructuring business in order to strengthen DNA
Future Outlook

Revenue Projection

- Normal Scenario
- Worst Case
- Best Case

- 2017
- 2018
- 2019
- 2020
- 2021
Where to set the business focus for Beekeper in order to grow?
- Go deep vs. go broad -

- Define core business having new security regulations in mind
  ✓

- Restructure inefficient organizational structure
  ✓

- Stabilize existing contracts
  ✓