




SNC LAVALIN

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Introduction

- Overview
- Implementation
- Recommendation
- Analysis
- Conclusion

Disruptive technology to prepare for

- Automation in assembly and delivery
- Drones
- AI in logistics
- Big data and consumer preferences
- Leveraging blockchain encryption methods

Five Forces Analysis

- Threat of New Entrants- **Moderate**
- Threat of Substitutes- **High to Moderate**
- Competitive Rivalry- **Low**
- Power of Buyer- **High**
- Power of Suppliers- **Moderate**

Recommendations

Build

Develop technology in-house.

Contract

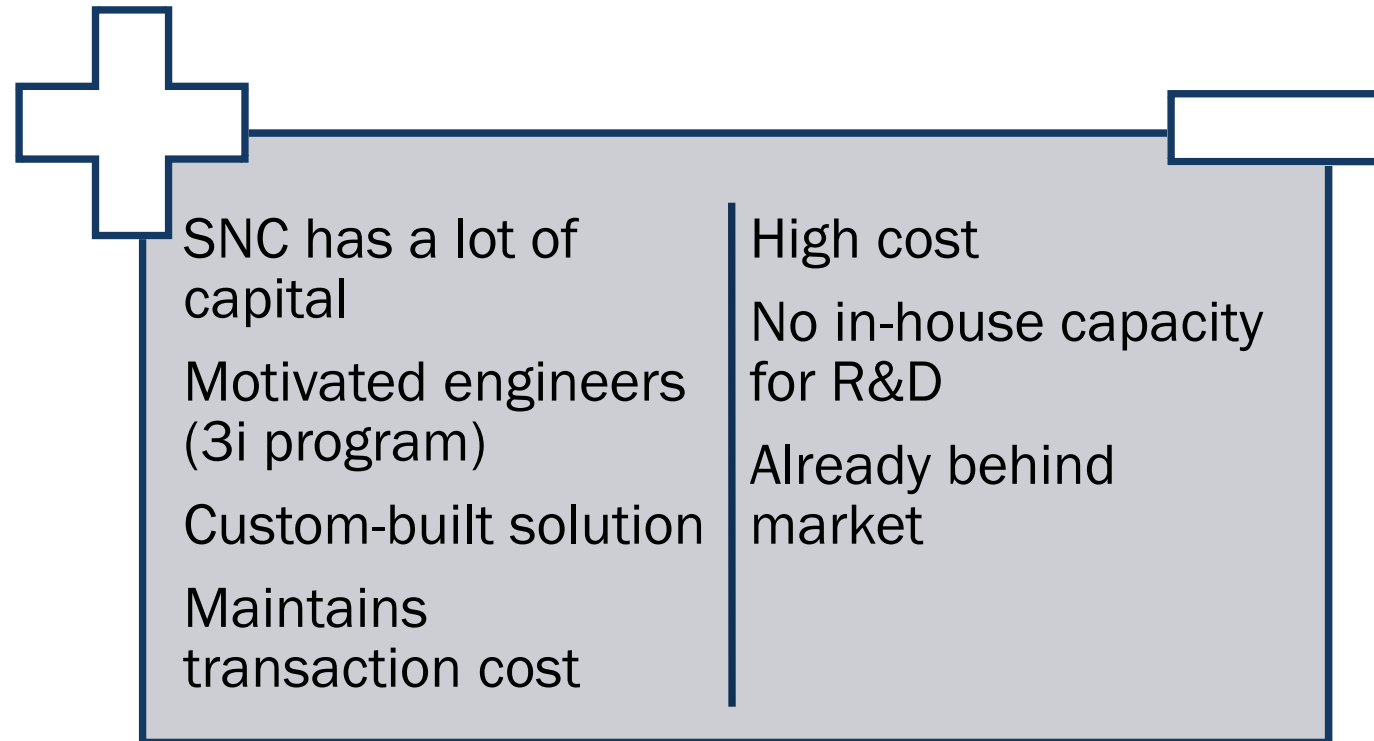
Contract with construction technology vendors.

Acquire

Acquire emerging construction technology company.

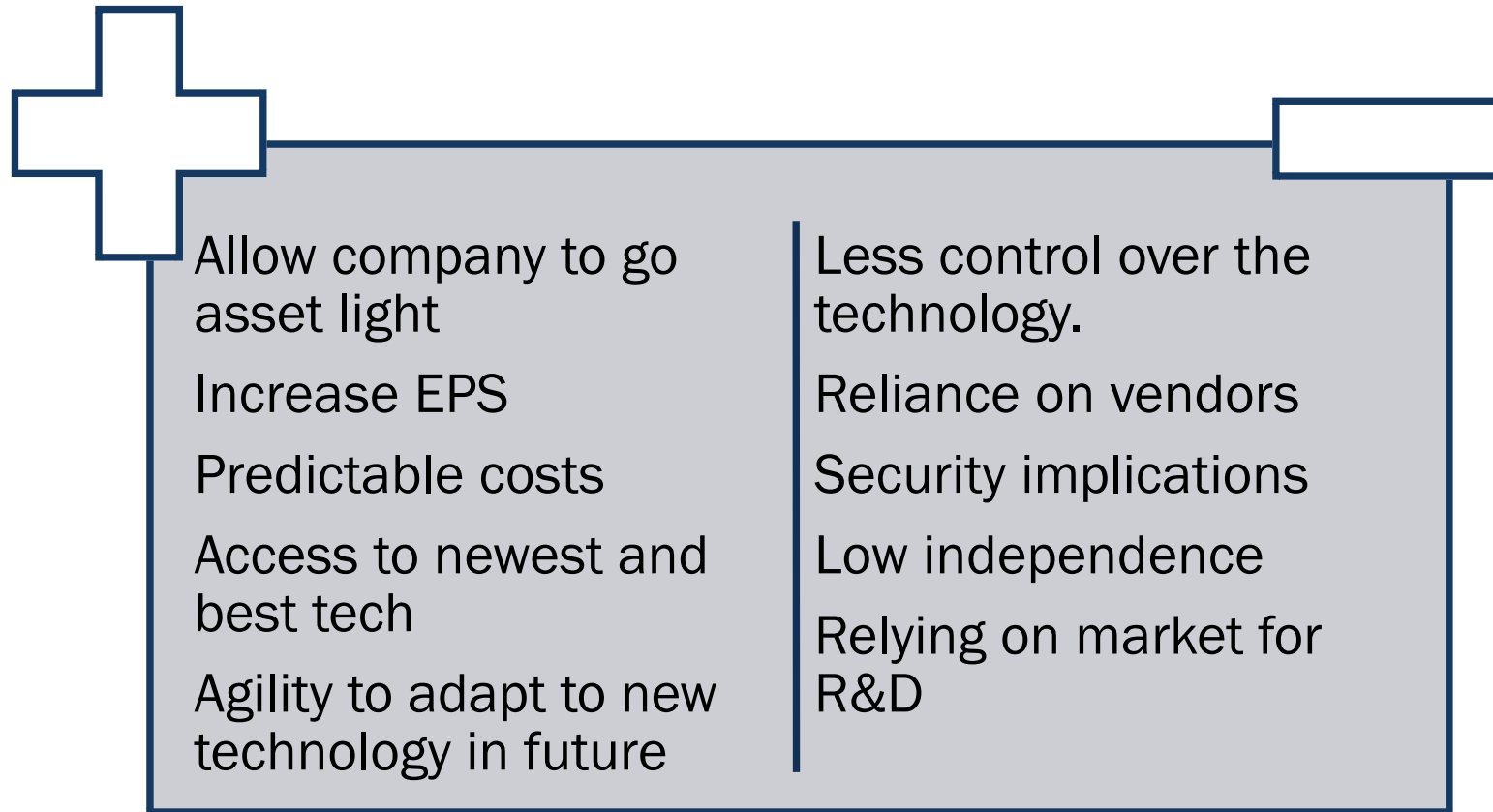
Build Strategy

Develop technology in-house.



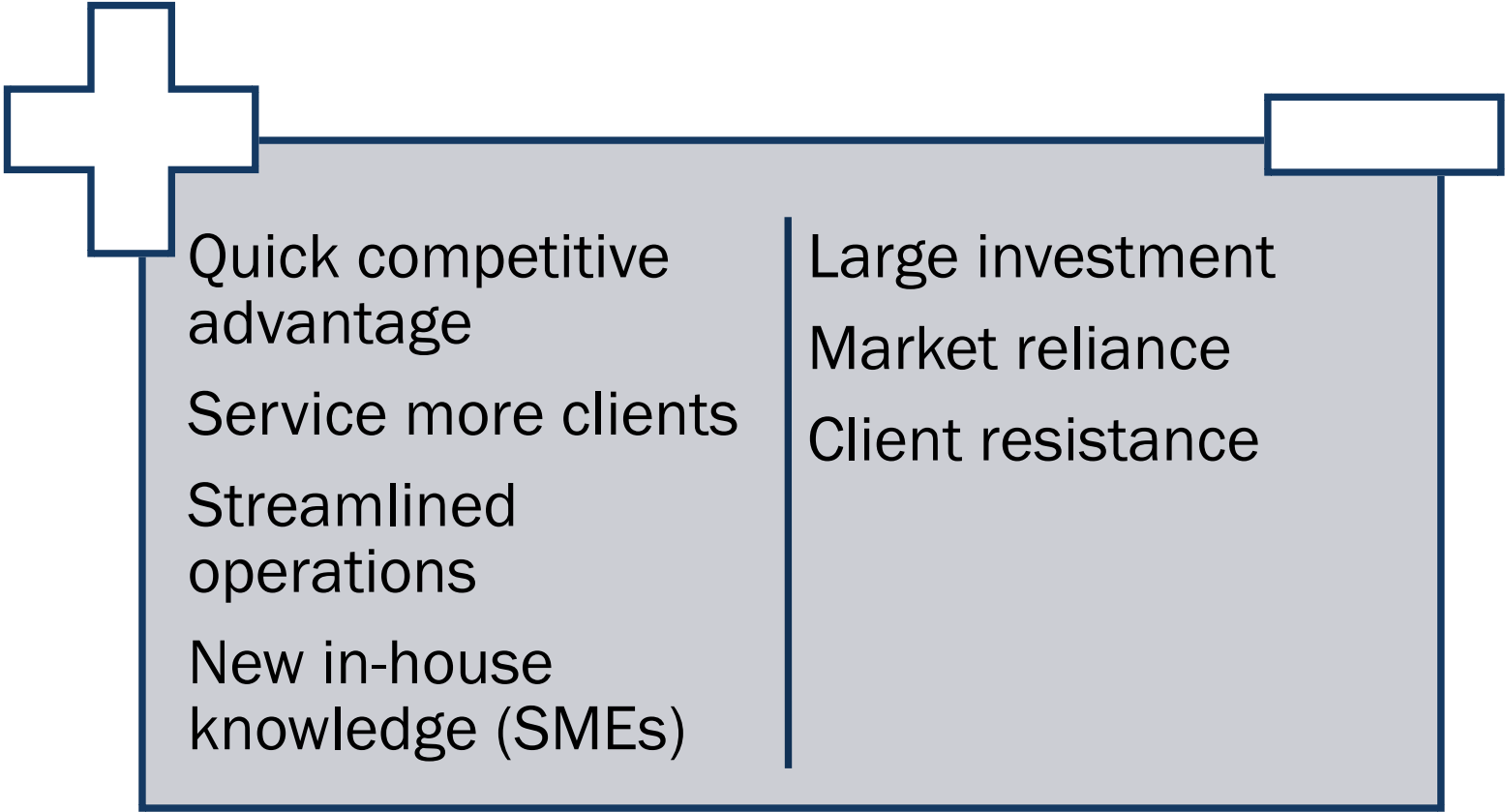
Contract Strategy

Contract with construction technology vendors.



Acquire Strategy

Acquire emerging construction technology company.



Recommended Strategy Analysis

- Decision Matrix Criteria
 - *Hurdle rate (1)*
 - *Transaction cost for SNC-Lavalin (3)*
 - *Feasibility (2)*
 - *Sustainable growth (2)*
 - *Cost effectiveness (3)*

Decision Matrix

	Hurdle Rate	Transaction Cost	Feasibility	Sustainable Growth	Cost Effectiveness	Total
Weight	1	3	2	2	3	
Acquire	1	3	3	3	3	31
Build	3	3	1	2	1	21
Contract	2	1	2	1	2	17

Acquisition strategy overview

- Acquire emerging construction technology company (competitor of Autodesk)
- Increase transactional costs for SNC-Lavalin, by increasing fixed rate services
 - *Streamline consumer use, similar to Netflix & Amazon subscriptions*
 - *Competitive advantage in market*
- Leverage existing SMEs using 3i Program

Timeline: Year 1

- Hold shareholder meeting to announce dividend stabilization for long-term growth
 - *2024 goal \$5/EPS*
- Mandatory, standardized education for Project Managers (online training).
 - *CAD, Python, Java*
- 3i Program implementation (Siemens)

Timeline: Year 2

- Acquire emerging construction technology company
 - *E.g., emerging Autodesk competitor*
- Increased fixed rate contracts by 10% annually, up to 2024
 - *Increase to 30%*

Timeline: Year 3

- Standardize effective operations model (Beekeeper)
- Fixed rate contract goal is 40%
- Build out data and analytic capacity to optimize processes

Timeline: Year 4

- Increase dividends.
- Fixed rate goal is 50%

Timeline: Year 5

- \$5/EPS
- Sustain and grow fixed rate from 50%

Hurdle Rate

- Acquire-**Low risk, high reward**
- Build-**High risk, high reward**
- Contract- **Moderate risk, moderate reward**

Bottom Line

-NPV appears to be highest with internal options, but acquisition has less risk in comparison to internal expansion for research and development

Key Takeaway

-Strike while the iron is hot, when advances in potential technology emerge

EDPM Technology Price Analysis

Conservative	Moderate	High
2.5 billion	3 billion	3.5 billion

Comparable Acquisition Analysis

- Google with GPS Technology Disruptor Waze
- Facebook Communication Platform Technology Disruptor WhatsApp
- LinkedIn with Educational Disruptor of Lynda

Plan to Deliver EPS of 5

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
2.46	2.42	2.58	3.2	3.85	3.9*	4.2*	4.4*	4.6*	4.8*	5

Keeping investors in mind

- Dividends increased for 17 years and is important to investors
- Stabilizing dividend payout at 30 %
- Plan for investor explanation with 2024 plan
- Highlighting the changing technology and SNC's sustainability plan with growth in technology sector

Conclusion

- Build
- Contract
- Acquire