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.

SNC has a lot of capital
Motivated engineers (3i program)
Custom-built solution
Maintains transaction cost

High cost
No in-house capacity for R&D
Already behind market
Contract Strategy

Contract with construction technology vendors.

- Allow company to go asset light
- Increase EPS
- Predictable costs
- Access to newest and best tech
- Agility to adapt to new technology in future

- Less control over the technology.
- Reliance on vendors
- Security implications
- Low independence
- Relying on market for R&D
Acquire Strategy

Acquire emerging construction technology company.

- Quick competitive advantage
- Service more clients
- Streamlined operations
- New in-house knowledge (SMEs)

- Large investment
- Market reliance
- Client resistance
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

<table>
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<tr>
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<th>Hurdle Rate</th>
<th>Transaction Cost</th>
<th>Feasibility</th>
<th>Sustainable Growth</th>
<th>Cost Effectiveness</th>
<th>Total</th>
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**Overview**: Review of options and evaluation criteria.

**Recommendation**: Acquire as the leading strategy based on overall highest total score.

**Implementation**: Develop详细的实施计划。

**Analysis**: Detailed analysis of each strategy's strengths and weaknesses.

**Conclusion**: Summary of findings and recommendations for future decision-making.
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 an 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

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<th>Conservative</th>
<th>Moderate</th>
<th>High</th>
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<tr>
<td>2.5 billion</td>
<td>3 billion</td>
<td>3.5 billion</td>
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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

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<td>EPS</td>
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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