

BOBSLA: E-motion on snow

University of Muenster Consulting

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Goals of the meeting



- Provide a strategy for the future of BOBSLA
- Identify the amount of funding needed to implement this strategy
- Valuate BOBSLA

Agenda

1. Management summary

2. Analysis and development of alternatives

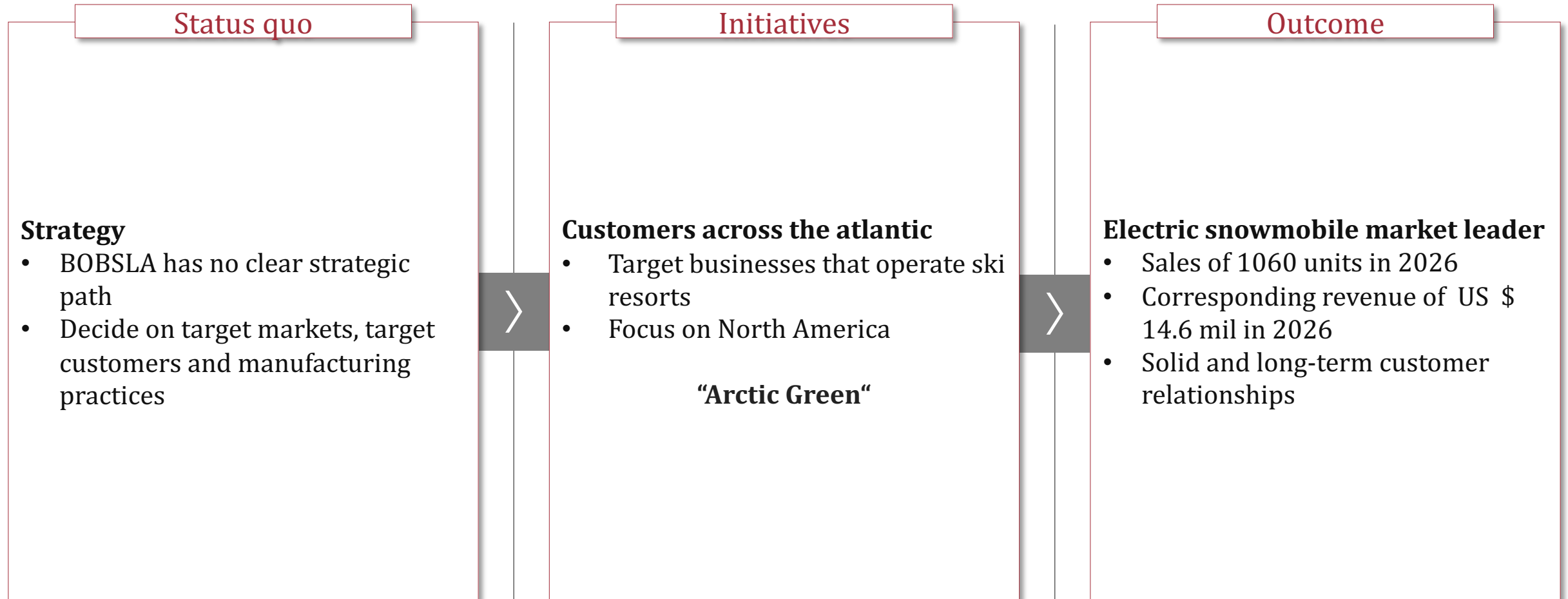
3. Recommendation

4. Implementation

5. Financials and risks

6. Conclusion

In order to clearly define where to play and how to win the strategy “Arctic Green“ is recommended providing US\$14.6 mil revenue in 2026



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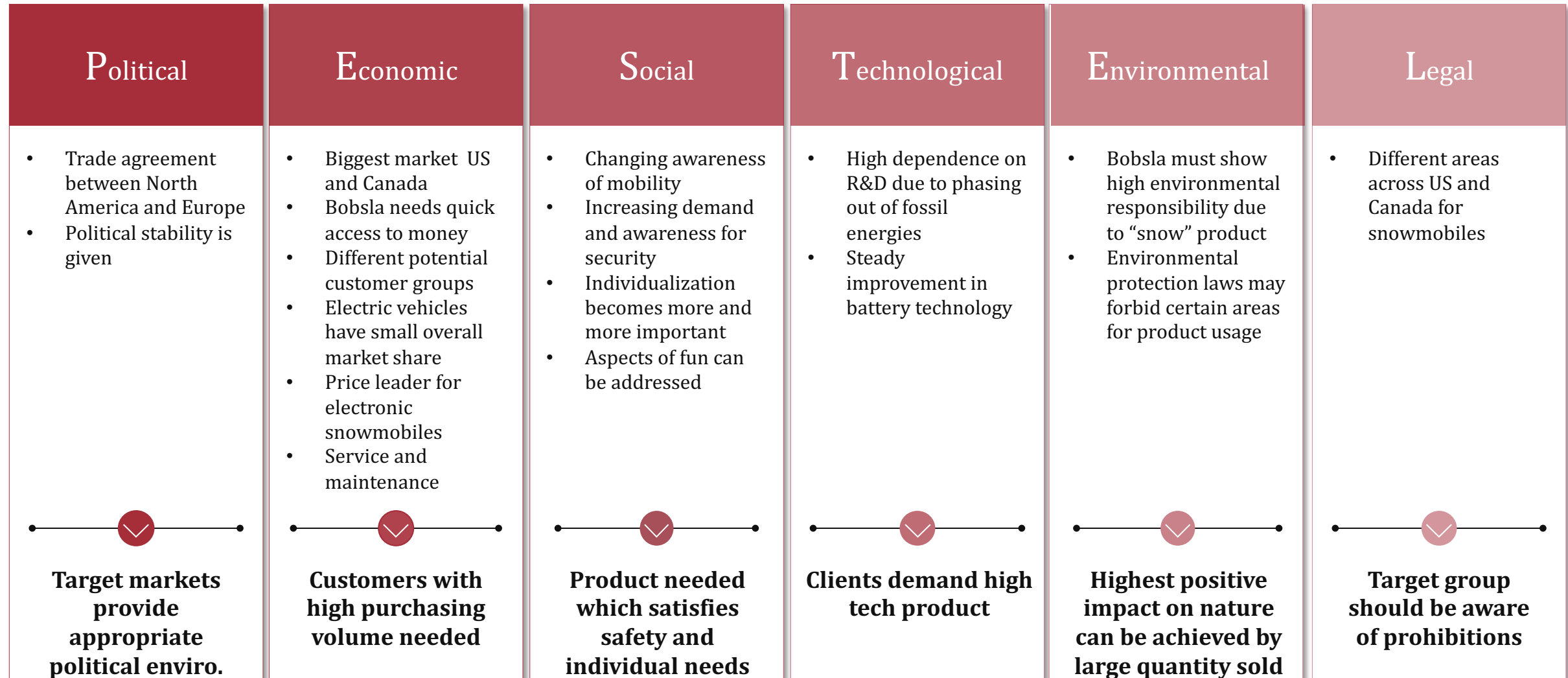
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Due to the necessity of an appropriate equity story different trends and drivers influencing Boblas orga. need to be considered - economic and environmental factors are most relevant



From the results of the Pestel analysis, three alternatives for Boblas can be derived – Ski resorts only, Clients with fun usage and commercial patent sale

Pestel analysis



Several trends and factors influence Boblas organization – due to the necessity of a appropriate equity story economic and environmental factors are most relevant

Political	Economic	Social	Technological	Environmental	Legal
<ul style="list-style-type: none"> Trade agreement between North America and Europe Political stability is given 	<ul style="list-style-type: none"> Biggest market US and Canada Boblas needs quick access to money Different potential customer groups Electric vehicles have small overall market share Price leader for electronic snowmobiles Service and maintenance 	<ul style="list-style-type: none"> Changing awareness of mobility Increasing demand and awareness for security Individualization becomes more and more important Aspects of fun can be addressed 	<ul style="list-style-type: none"> High dependence on R&D due to phasing out of fossil energies Steady improvement in battery technology 	<ul style="list-style-type: none"> Boblas must show high environmental responsibility due to "snow" product Environmental protection laws may forbid certain areas for product usage 	<ul style="list-style-type: none"> Different areas across US and Canada for snowmobiles
Target markets provide appropriate political enviro.	Customers with high purchasing volume needed	Product needed which satisfies safety and individual needs	Clients demand high tech product	Highest positive impact on nature can be achieved by large quantity sold	Target group should be aware of prohibitions

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Combined key results



Customers with high purchasing volume need & target group should be aware of restrictions

Individual experience and technical advancement is wished by customers

Political environments enables safe patent issuance

Deduction of alternatives



1: Sell to Ski resorts only with functional usage (B2B)

2: Address clients with fun usage (B2C)

3: Sell commercial patent to manufacturer

These three alternatives can be transformed into strategies in order to establish a clear direction on where to play and how to win



1 | "Arctic Green"



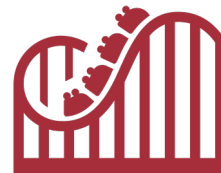
Sell to Ski resorts only with functional usage (B2B)

Addresses centralized big customers with functional usage only

Sell high volume of snow mobiles



2 | "The fun experience"



Address clients with fun usage (B2C)

Addresses private users looking for fun experience

Provide state of the art product at all time

3 | "Patents only"



Sell commercial patent to manufacturer

The right to produce and sell the sled is widely sold

Provide patent awareness in key markets

These three alternatives can be transformed into strategies in order to establish a clear direction on where to play and how to win



1 | "Arctic Green"



Sell to Ski resorts only with functional usage (B2B)

Addresses centralized big customers with functional usage only

Sell high volume of snow mobiles



Which strategy is most suitable for Bobsled at the present time?



2 | "The fun experience"



Address clients with fun usage (B2C)

Addresses private users looking for a

Provide state of the art product at all time

3 | "Patents only"



Use commercial patent to manufacturer

The right to produce and sell the sled is widely sold

Provide patent awareness in key markets

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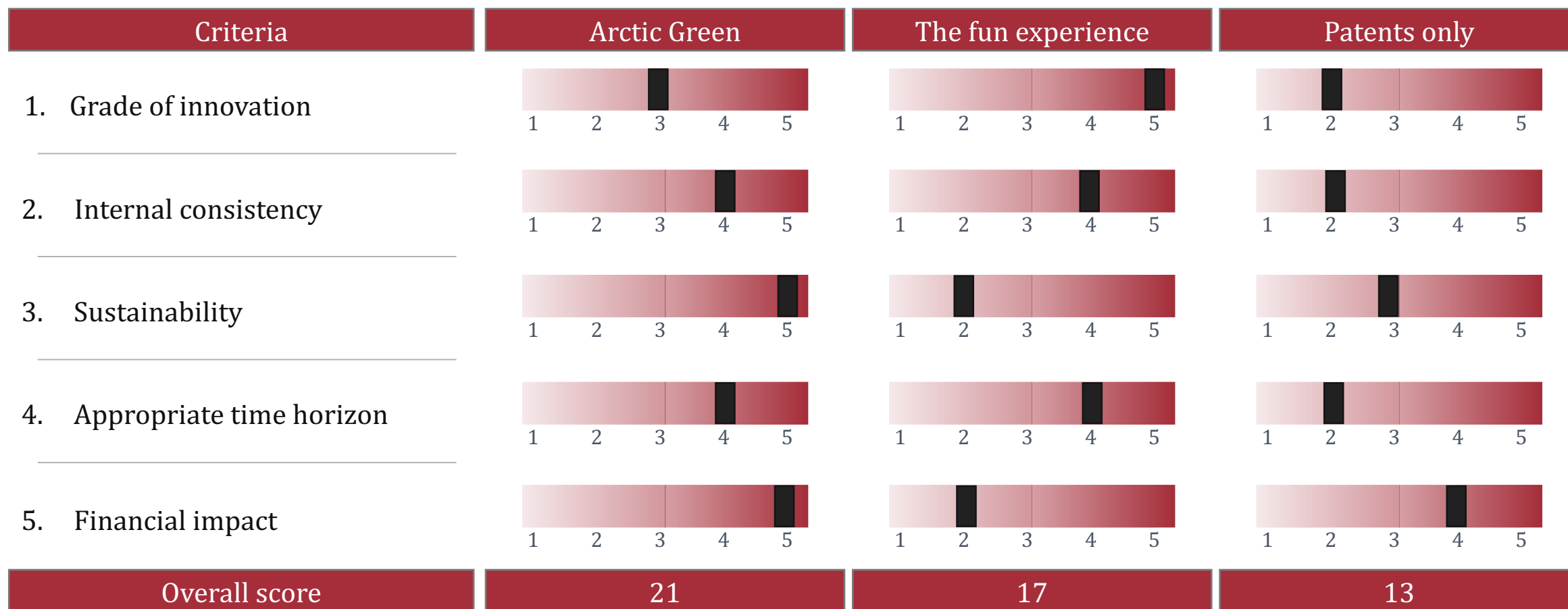
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Different criteria can be used in order to evaluate which strategy fits best for Bobsled

1	Grade of innovation	The strategy should have a high focus on innovation due to customer needs
2	Internal consistency	In a well-organized company, each strategy fits into an integrated pattern – supporting the overall company goals
3	Sustainability	The strategy must have a clear focus on sustainability in order to fulfill customer and investor wishes
4	Appropriate time horizon	A strategy has a time-based utility; therefore, the strategy needs to be executed in time
5	Financial impact	The strategy should provide positive financial impact

„Arctic Green“ scores best compared to the other strategies especially due to its advantages regarding sustainability and financial impact



Key: 1: not satisfied 5: fully satisfied

The recommendation “Arctic Green” is most promising as the key factors sustainability and financial performance are addressed intensively

Our recommendation

1 | “Arctic Green”

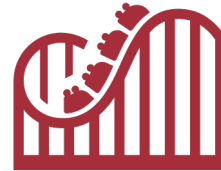


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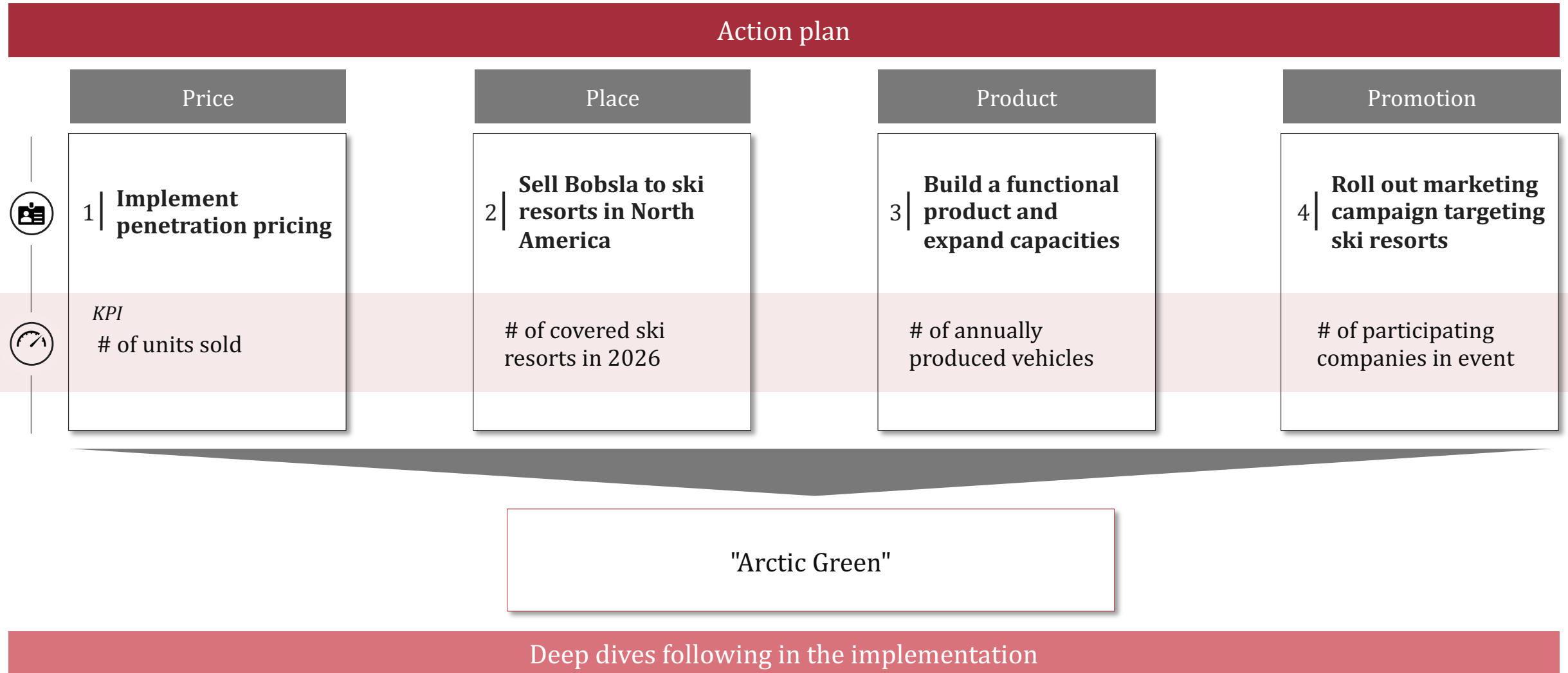


Sell commercial patent to manufacturer

The right to produce and sell the sled is widely sold

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Initiatives following the 4 Ps need to be considered in order to successfully implement the strategy "Arctic Green"



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Price| A penetration pricing strategy enables a successful market entrance and offer growth opportunities

What is it?	 Implement penetration pricing	<table border="1"> <tr> <td data-bbox="1847 278 2142 344">Price</td> <td data-bbox="2142 278 2435 344">Product</td> </tr> <tr> <td data-bbox="1847 344 2142 409">Place</td> <td data-bbox="2142 344 2435 409">Promotion</td> </tr> </table>	Price	Product	Place	Promotion		
Price	Product							
Place	Promotion							
Why is it effective?	 <ul style="list-style-type: none"> • Willingness-to-pay by customers rather low given high degree of innovation and uncertainty • Successful strategy given for new market entries • Lower price offers potential for economies of scale 							
How does it work?	 <ul style="list-style-type: none"> • Sell Bobsla as hardware and not as a service <ul style="list-style-type: none"> • Offers high cash inflows from the beginning that can be used to expand capacity • Selling as a service demands higher administrative expenses • Start with a low price and continuously increase the price over the years • Sell maintenance services to customers 							
Which KPI to use?	 Growth in sales quantity - #of units sold	<table border="1"> <tr> <td data-bbox="1847 1160 2142 1203">Strategic priority</td> <td data-bbox="2142 1160 2435 1203">Effort required</td> </tr> <tr> <td data-bbox="1847 1203 2142 1260">  </td> <td data-bbox="2142 1203 2435 1260">  </td> </tr> <tr> <td data-bbox="1847 1260 2142 1298">low high</td> <td data-bbox="2142 1260 2435 1298">low high</td> </tr> </table>	Strategic priority	Effort required			low high	low high
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low high	low high							





Place| A successful price setting is followed by targeting the most promising markets and customers

<p>What is it?</p>	 <p>Sell Bobsla to ski resorts in North America</p>	<p>Price</p>	<p>Product</p>
<p>Why is it effective?</p>	 <ul style="list-style-type: none"> • Ski resorts show high demand and high willingness-to-pay for snowmobiles • Ski resorts have specific interests in changing to electric vehicles and do not face legal challenges • North America has the two largest snowmobile markets in the world • North America is home to large companies operating multiple ski resorts 	<p>Place</p>	<p>Promotion</p>
<p>How does it work?</p>	 <ul style="list-style-type: none"> • Target ski resorts that require snowmobiles for functional purposes • Sell snowmobiles to large operators of ski resorts • Potential large operators <ul style="list-style-type: none"> • Vail Resorts, Inc. • Peak Resorts, Inc. 		
<p>Which KPI to use?</p>	 <p>Growth in customers - # of covered ski resorts in 2026</p>	<p>Strategic priority</p> <p>■ ■ ■ ■ ■</p> <p>low high</p>	<p>Effort required</p> <p>■ ■ ■ ■ ■</p> <p>low high</p>







Product| Customers have to be offered a product that fulfills their needs and can be produced in appropriate quantities

<p>What is it?</p>	 <p>Build a functional product and expand capacities</p>	<p>Price</p>	<p>Product</p>
<p>Why is it effective?</p>	 <ul style="list-style-type: none"> • Higher willingness to pay and high demand for snowmobiles with functional purposes • Meets requirements and demands of target customer • Capacity expansion necessary for further growth and local coverage 	<p>Place</p>	<p>Promotion</p>
<p>How does it work?</p>	 <p>Product design</p> <ul style="list-style-type: none"> • Stay with current manufacturing practice of focusing on design and assembly • Limit to one product design to enable standardization benefits • Build a functional product <ul style="list-style-type: none"> • Ability to carry high loads (for transportation and maintenance purposes) • Greater range with one charge 	<p>Strategic priority</p> <p>low high</p>	<p>Effort required</p> <p>low high</p>
<p>Which KPI to use?</p>	 <p>Growth in production capacity - # of annually produced vehicles</p>		

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<p>How does it work?</p>	 <p>Capacity expansion</p> <ul style="list-style-type: none"> • Set up assembly plant close to Rocky Mountains in the United States • Set up a central maintenance facility at site of customer's ski resorts • Use local suppliers for assembly in the United States 		
<p>Which KPI to use?</p>	 <p>Growth in production capacity - # of annually produced vehicles</p>	<p>Strategic priority</p> <p>low high</p>	<p>Effort required</p> <p>low high</p>

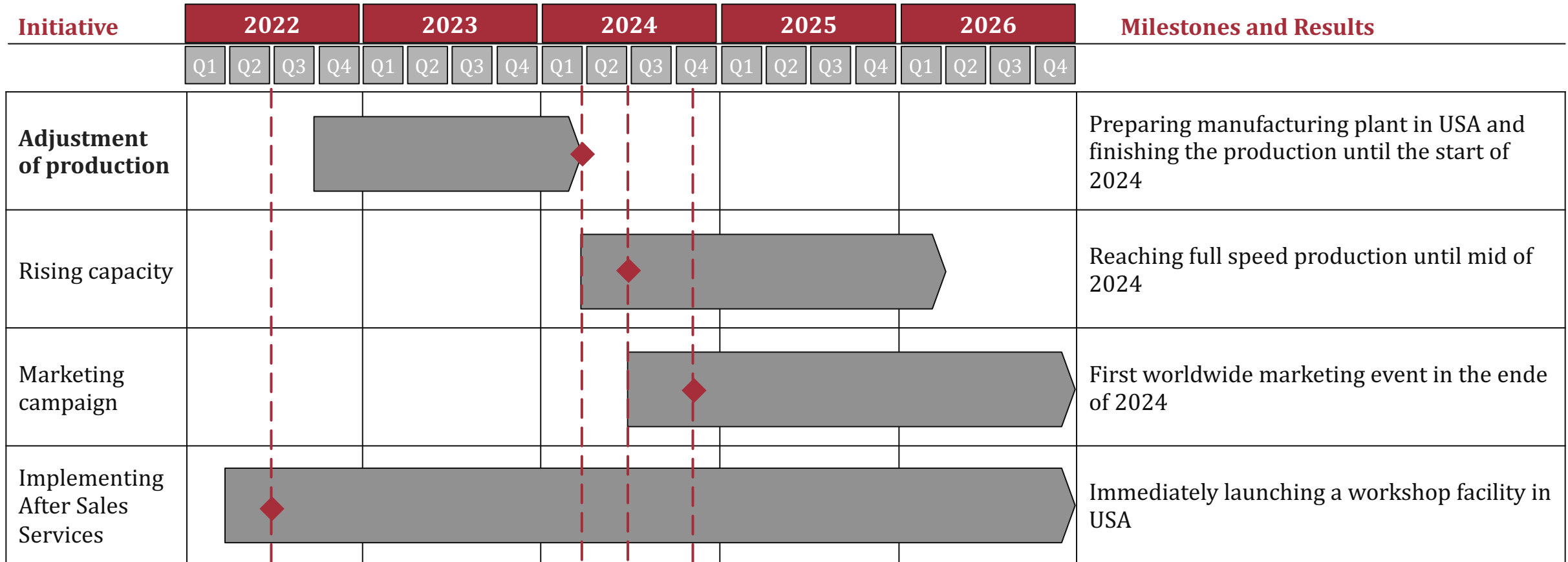
Promotion| The snowmobiles should be promoted by inviting potential customers to demonstrate the benefits of partnering with Bobsla

<p>What is it?</p>	 <p>Roll out marketing campaign targeting ski resorts</p>	<p>Price</p>	<p>Product</p>
<p>Why is it effective?</p>	 <ul style="list-style-type: none"> • Targeting operators of ski resorts offers direct communication with potential customers • Electric snowmobiles offer great attractivity to ski resorts, it just needs to be communicated • A personal event gives the chance for trust building and direct conversion to sales 		
<p>How does it work?</p>	 <p>Marketing event with ski report operators</p> <ul style="list-style-type: none"> • Invite managers of largest operators to a test drives of the new vehicles • Initiate a mock race to ensure attractivity of the event • Give potential customers chance to get familiar with the product • Complement event with networking opportunities 		
<p>Which KPI to use?</p>	 <p>Growth in prominence - # of participating companies in event</p>	<p>Strategic priority</p>  <p>low high</p>	<p>Effort required</p>  <p>low high</p>

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<p>How does it work?</p>	 <p>Message to convey to your customers</p> <ul style="list-style-type: none"> • Reduced operating expenses • Improved environmental footprint • Improved image of the ski industry • Innovative technology 		
<p>Which KPI to use?</p>	 <p>Growth in prominence - # of participating companies in event</p>	<p>Strategic priority</p> <p>■ ■ ■ ■ ■</p> <p>low high</p>	<p>Effort required</p> <p>■ ■ ■ ■ ■</p> <p>low high</p>

The presented initiatives should be implemented according to a timetable that ensures an efficient roll-out of the strategy



Legend:  Milestone

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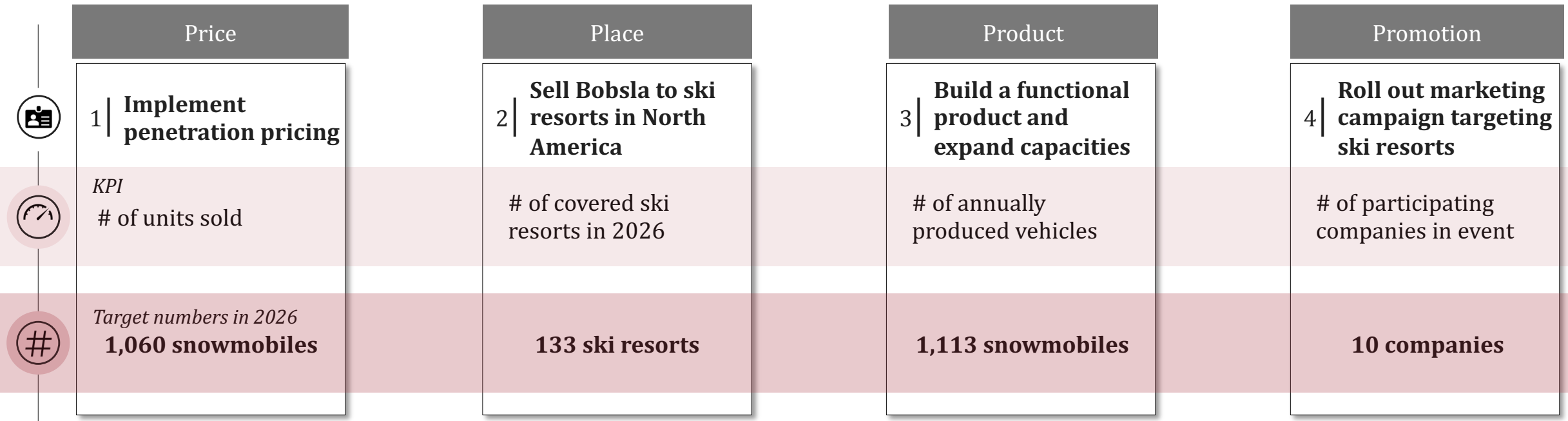
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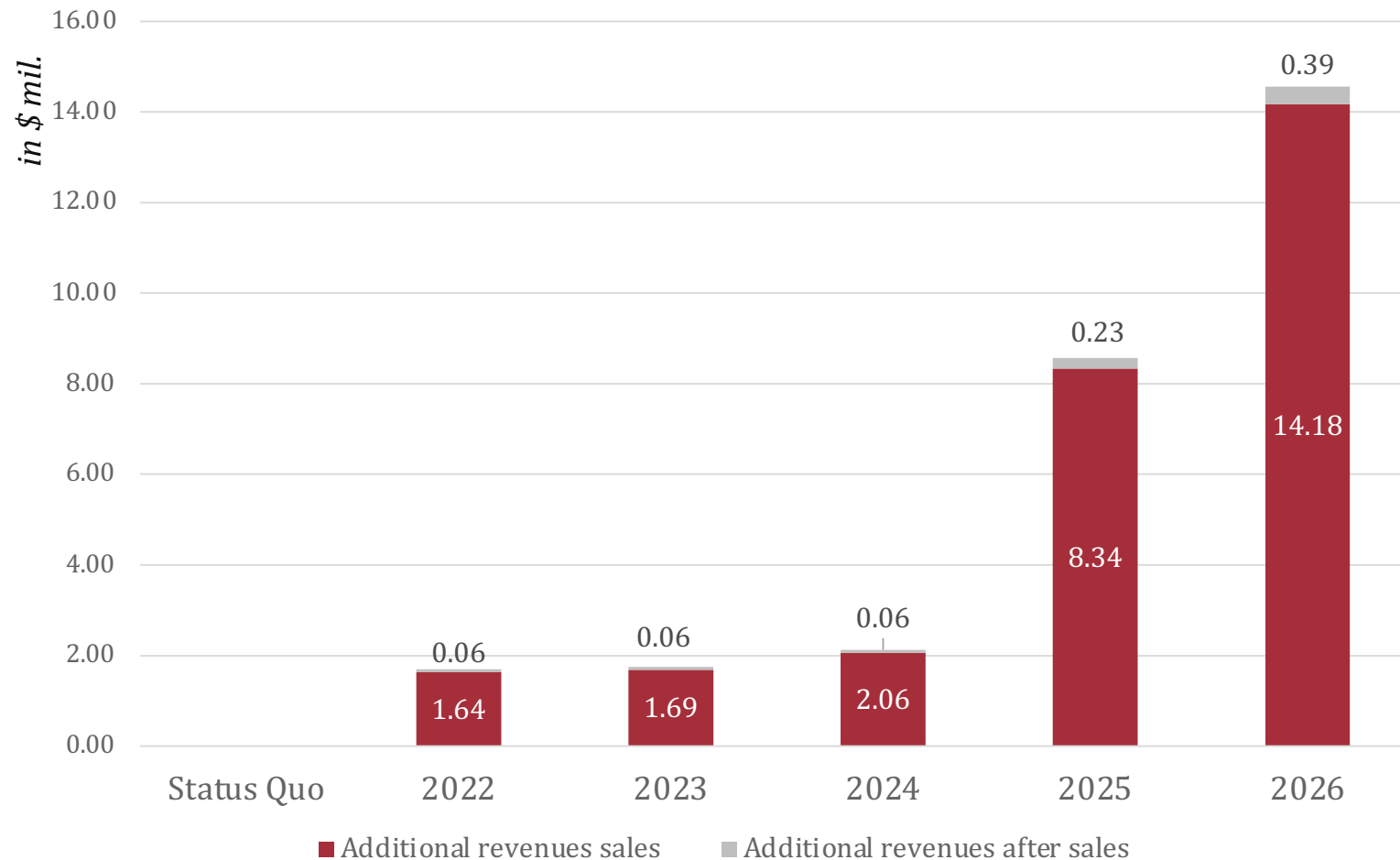
Measuring the success of the strategy the initiatives should fulfill these several ambitious target numbers of specific KPIs



The mix of initiatives will lead to a positive impact on sales with moderate financial investments

"Arctic Green" gains additional revenues of \$31.5 mil. over five years and has an increasing impact on the total revenues of Bobslla

General and additional revenues



Key revenue driver



Increased capacity due to the launch of the assembly plant in USA



Price during long-term period: Low price in the beginning for market penetration and



After Sales Services generates additional revenues in the long-run

The ambitious strategy will gain a NPV for the next five years of \$9.4 mil. and leads to a company value of \$45.9 mil.

Project net present value

	2022	2023	2024	2025	2026
Additional revenues strategy	1,635,000	1,689,500	2,064,000	10,425,000	14,734,000
General operative cashflows	-1,050,000	-1,050,000	-1,050,000	-1,050,000	-1,050,000
Production plant	-18,000	-3,018,600	-607,200	-936,000	-1,672,000
Maintenance facility		-221,200	-41,400	-59,600	-117,200
Marketing campaign	-370,000	-368,000	-366,000	-364,000	-364,000
Free cashflows	197,000	-2,968,300	-600	8,015,400	11,530,800
NPV	9,445,972				

in \$



Key assumptions

- Total additional sales: 2775 snowmobiles
- Price development hardware
 - 2021: \$10,900
 - 2026: \$13,900
- Maintenance: 20% of price
- Employee development
 - 2021: 5
 - 2026: 43
- Unit costs: \$7000
- WACC: 14%

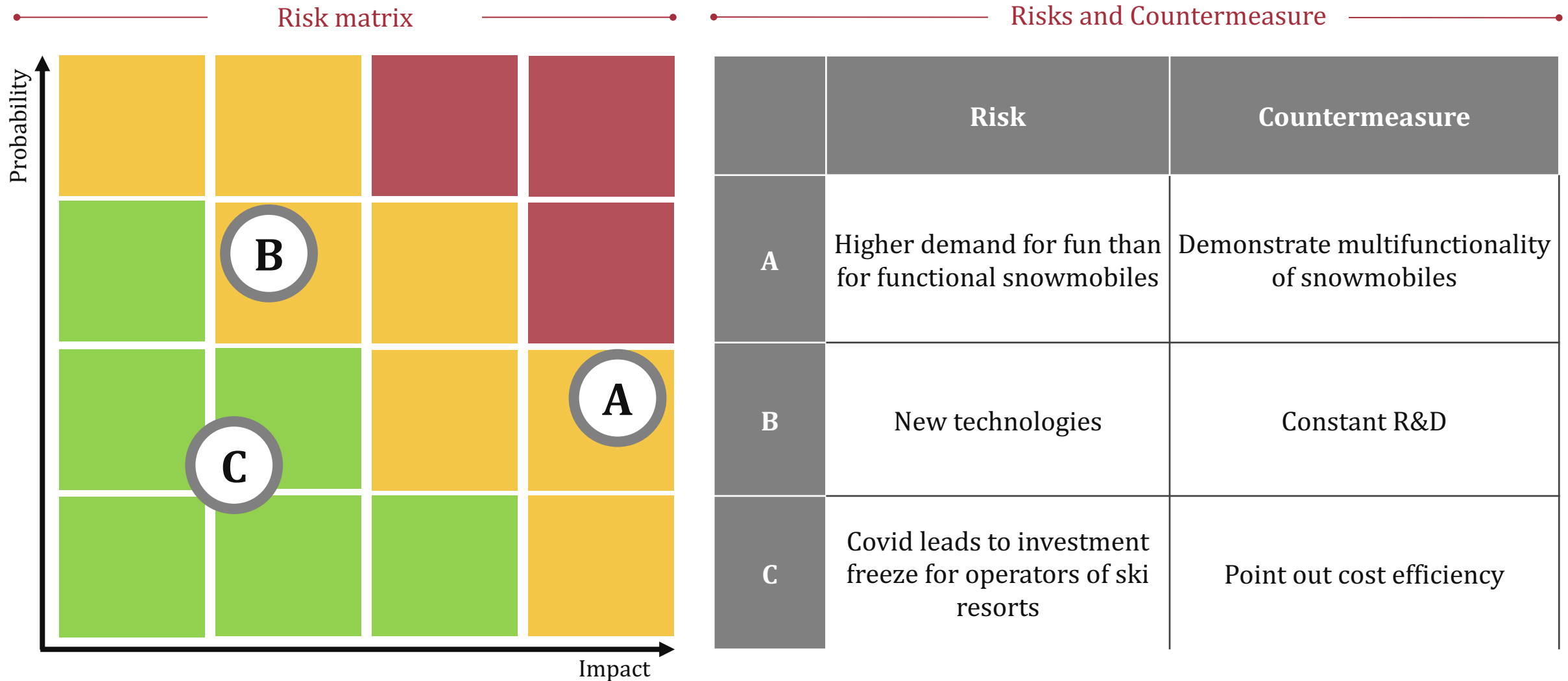


Company Valuation

Applying an NPV-multiple of 3

→ Company value: \$ 45.9 million

The strategy is exposed to various risks which can be mitigated by effective countermeasures



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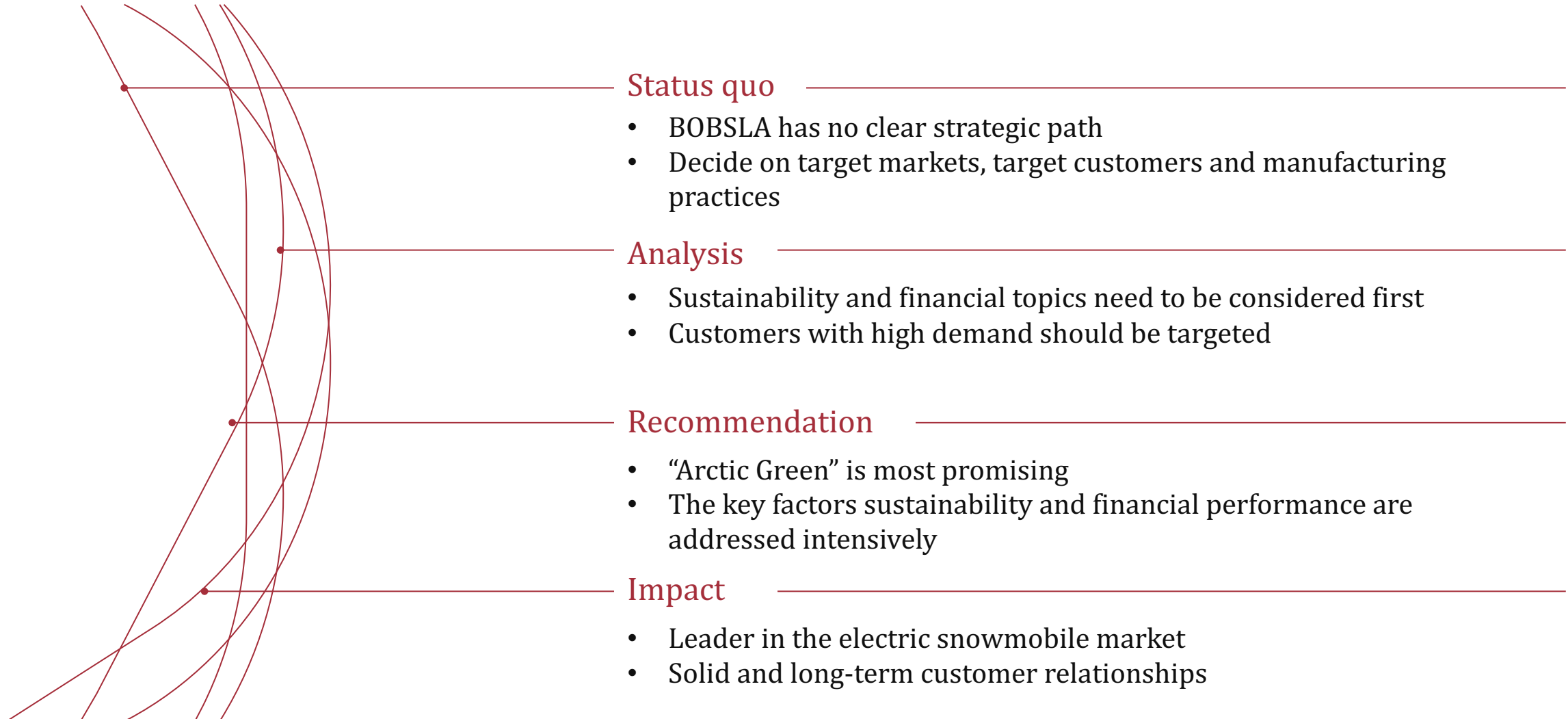
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The “Arctic Green” strategy enables BOBSLA to become the market leader in the electric snowmobile business



A follow up project with the UMC would kick off with the following...

Action 1:

Book a flight to US

Action 2:

Set up an event with potential customer and investors in a resort

Action 3:

The BOBSLA experience



Thank you for your attention.

Backup

Appendix 1: Financial Assumptions

Appendix 1: Deep Dive in the cost calculation of the presented net present value analysis

	2022	2023	2024	2025	2026
Workshop costs	219,200	19,200	38,400	57,600	115,200
Property	200,000				
Personal costs	19200	19200	38400	57600	115200
Employees	1	1	2	3	6
Cost per employee	19200	19200	19200	19200	19200
Plant					
Personal costs			304000	624000	1280000
Employees			8	16	32
Salary per employee			38000	39000	40000
Administration			84000	112000	192000
5 Administration			3	4	4
Salary per employee			28000	28000	48000
Total Machines		400000			
Machines		8			
Cost per machine		500000			
Marketing					
Invited companies	10	10	10	10	10
Persons per company	5	5	5	5	5
Cost for food and beverage	3000	3000	3000	3000	3000
Employees of own company	5	5	5	5	5
Salary	38000	38000	38000	38000	38000