



Robotics Company

# Global Expansion Readiness Assessment

September 29, 2020 / Fred Hencke

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# | Background

# Background

U.S. market overview found:



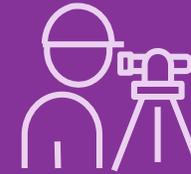
- \$195B U.S. market (\$1T+ global market)
- Competitors and Opportunities
- Potential Partners

Current State:



- Seeking \$11.5M to start up operations in U.S.
- \$34M valuation pre-investment
- Major markets: Ports and other similar infrastructure, including post-disaster (e.g., earthquakes)

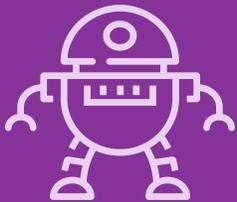
Value Proposition:



“Robotics Company” technology accelerates and improves infrastructure inspection outcomes and streamlines regulatory reporting (Australia and U.S. patents pending)

“As a Service” Models:

Robotics-as-a-Service (RaaS) is a fairly new concept



- Each Robot manufactured is expected to pay for itself within 4 months of being put into service (\$350K to build, \$1M revenue annually)

Software-as-a-Service (SaaS) is a mature concept

- The regulatory report generating and filing aspects
- Price per report is still being developed (currently considering \$500-\$1,000 per report)

# Opportunities



## Objectives:

- Ensure an understanding of all aspects (“moving parts”) involved with setting up manufacturing operations in the U.S.



## Primary motivators for considering an M&A strategy:

- Access to new regions
- Establish manufacturing hub in prime location



## Will need assistance with:

- Investor marketing package (how to engage them)
- Addressing regulatory and legislative requirements



Also seeking partners to penetrate the market and provide early access to “Robotics Company” technology, including civil engineering companies

# | Assessment

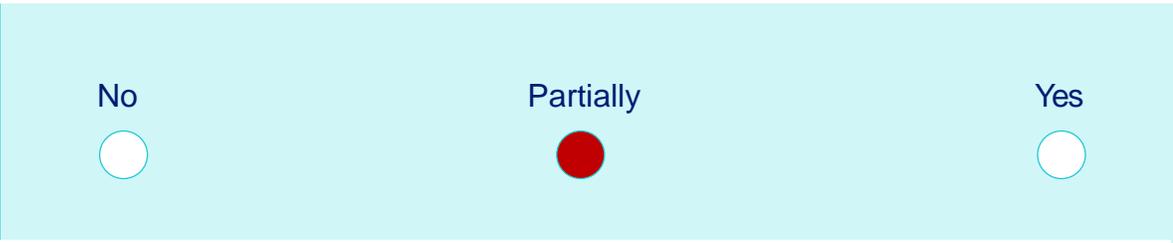
# Current State Assessment

## Part 1 of 2\*

**Leadership**



Have we considered the leadership styles and competencies needed to maximize this growth strategy?

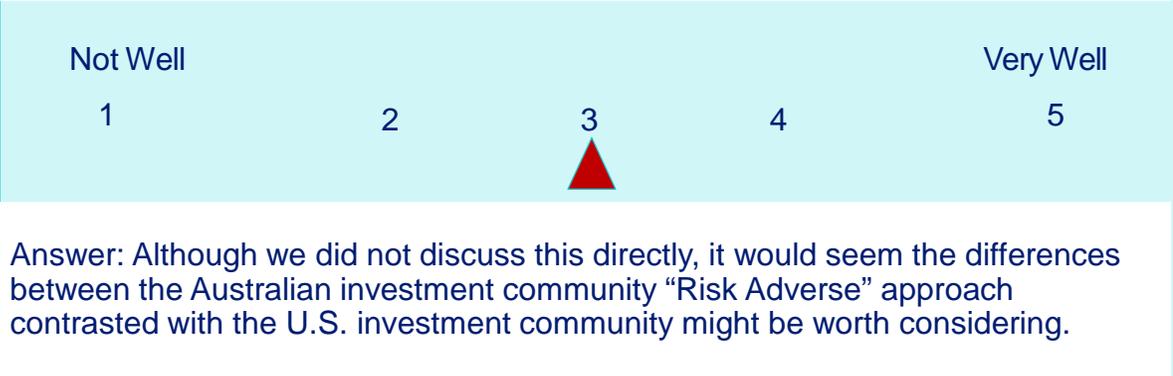


**Culture**



Will our current culture effectively support rapid growth?

What will be the primary barrier to overcome?

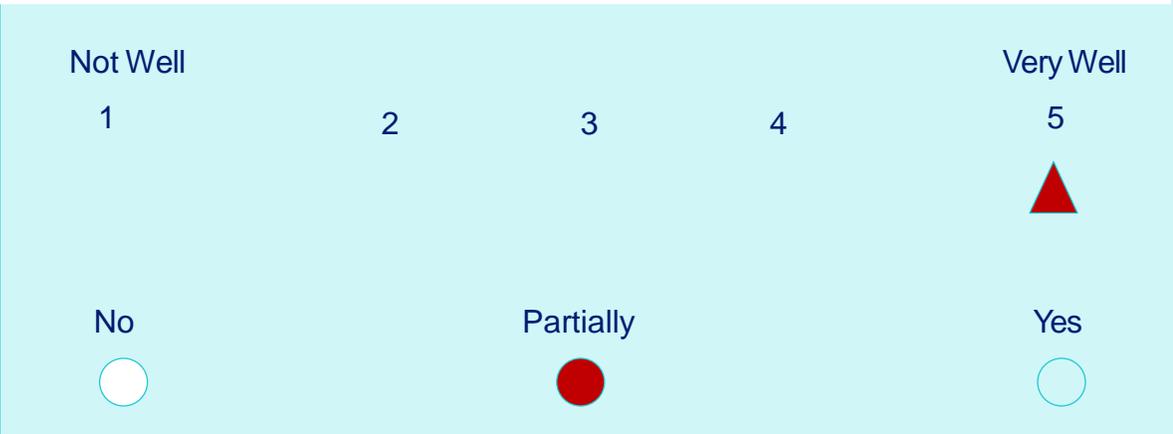


**Products and/or Services**



Do our Product and Services teams currently operate collaboratively?

Do our Product/Service and Innovation Lifecycle processes encourage and reward collaboration?



\*Based on our conversations, we scored “Robotics Company” based on the information you shared.

# Current State Assessment

## Part 2 of 2

### Customers



How prepared are our account management and customer service teams to take on new customers?

Not Well 1 2 3 4 5 Very Well

### Governance



What level of modifications will be required to our Workforce Planning, Forecasting and Management processes, policies and tools to accommodate rapid growth and change?

Major 1 2 3 4 5 Minor

### Organization



Will we need to re-align the organization to streamline decision making, provide better visibility and empowerment for managers, and improve business operations?

No Partially Yes

Not Applicable at this stage

# | Considerations

# Considerations

## Part 1 of 2

|  |   |
|--|---|
|  <p><b>Leadership</b></p> <p>Have we considered the leadership styles and competencies needed to maximize this growth strategy?</p>  | <p>“Partially” was selected as it may be too early to properly address this question. The “Innovative Start Up Company” style will need to evolve to balance the entrepreneurial spirit with “Operational Excellence” and “Customer Service” over time. The latter may better convey confidence to buyers who take regulatory inspections seriously.</p>  |
|  <p><b>Culture</b></p> <p>Will our current culture effectively support rapid growth?</p> <p>What will be the primary barrier to overcome?</p>  | <p>You scored a “3” relative to the potential challenges a U.S. expansion may create.</p> <p>Scoring a “3” or above suggests your organization is prepared to embrace change, develop and execute a culture alignment strategy, manage increased workloads during the heavy lift of setting up manufacturing operations in the U.S., and proactively seek ways to create additional value. Do not discount potential challenges once a U.S. manufacturing hub staffed locally begins operation and interfaces with legacy people.</p> <p>See comments above relative to leadership styles. Also consider potential time-zone misalignments when teams in Australia and the U.S. must work together on deadline.</p> |
|  <p><b>Products and/or Services</b></p> <p>Do our Product and Services teams currently operate collaboratively?</p> <p>Do our Product/Service and Innovation Lifecycle processes encourage and reward collaboration?</p> | <p>You scored a “5.”</p> <p>Those who score “3” or above need to look for ways to continue facilitating, recognizing and rewarding these teams as the business expands and grows. They are critical to the long-term success of the business. Consider full staffing of both functions in the U.S.</p> <p>“Partially” was selected as it may be too early to properly address this question. It will be critical to ensure the products and services teams develop and maintain strong working relationships, including partners. Technical issues and enhancements must be managed carefully, requiring both parts of the organization to take joint ownership.</p>  |

# Considerations

## Part 2 of 2



### Customers

How prepared are our account management and customer service teams to take on new customers?



### Governance

What level of modifications will be required to our Workforce Planning, Forecasting and Management processes, policies, and tools to accommodate rapid growth and change?



### Organization

Will we need to re-align the organization to streamline decision making, provide better visibility, and empowerment for managers, and improve business operations?

Not Applicable at this stage

# | Next Steps

# Next Steps

## Action items...

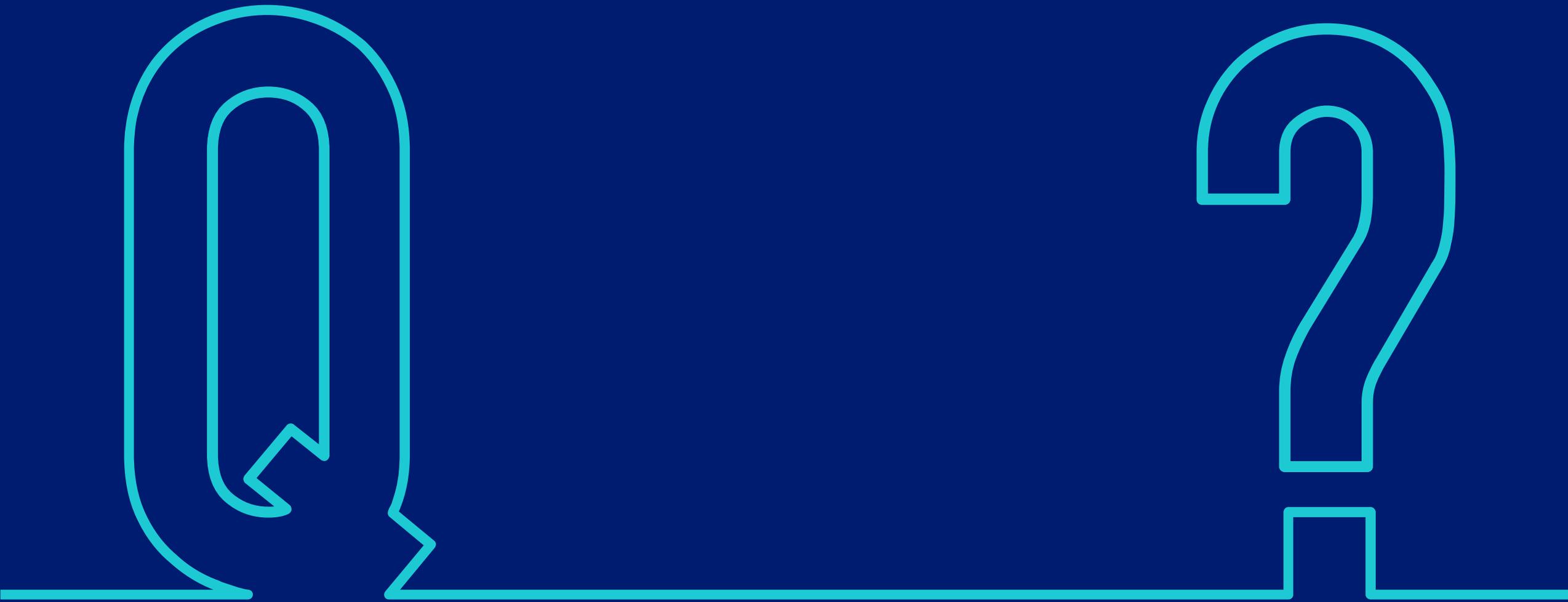
- Finalize business plan
- Identify potential U.S. expansion and investor options (including VC, P/E strategic buyers, Roll-ups, etc.)
- Identify all U.S. regulatory and legislative requirements and develop strategies and tactics to address each
- Develop profiles (attributes) for ideal customers, partners, and re-sellers
- Select U.S. location for manufacturing hub. Stage this in the timeline based on expected time from ground breaking/initial occupancy to operational status
- Create model for service center/teams location(s) to fulfill service-promise timelines
- Identify U.S. talent pools for robotic engineers, signal processing engineers, and mechanical engineers, along with average cost (salaries, benefits, etc.)
- Continue to make technology bullet proof (e.g., industrialize)
- Start developing sales pipeline
- Start early planning for global expansion (Europe next)



# | Appendix

# What Motivations best align with your Strategies?

|   |   |  |
|---|---|--|
|  <p><b>Aggressive (Proactive)</b></p> | <p><b>Increase Market Share</b></p>                   | <ul style="list-style-type: none"> <li>• Accelerate growth</li> <li>• Reduce earnings variability</li> <li>• Increase buying power and leverage</li> </ul>   |
|   | <p><b>Access to New Regions</b></p>                   | <ul style="list-style-type: none"> <li>• Accelerate access to customers in other areas of the country or world</li> <li>• Diversification of customer base</li> <li>• Reduction of risks associated with the economic and political aspects (risks of being in only one, or a few, regions)</li> <li>• Access to global competitive strength</li> </ul>  |
|   | <p><b>Access to New Capabilities</b></p>              | <ul style="list-style-type: none"> <li>• Synergies through combining capabilities and offering greater value for customers</li> <li>• Access to financing for a smaller organization being acquired (with innovative solutions)</li> <li>• Also, access to additional leadership, management skills, and talent</li> </ul>   |
|   | <p><b>Ability to Offer Whole Product Solution</b></p> | <ul style="list-style-type: none"> <li>• Positioning to be the “single provider” in markets where customers do not prefer “best of breed”, or do not wish to manage multiple providers</li> <li>• Increase vertical integration (secure suppliers, materials and third party providers)</li> </ul>   |
|  <p><b>Defensive (Reactive)</b></p> | <p><b>Lower Operating Costs</b></p>                   | <ul style="list-style-type: none"> <li>• Synergies through consolidation (economies of scale)</li> <li>• Purchase assets at a bargain price (especially where the acquired company is underperforming and would see an immediate benefit for operating under improved governance and/or business systems)</li> <li>• Potential reduction in tax liabilities (carry forward, set off, capital gains, etc.)</li> </ul> |
|   | <p><b>Eliminate a Competitor</b></p>                  | <ul style="list-style-type: none"> <li>• Increase won-loss ratio</li> <li>• Maintain, or increase, margins by eliminating competition which may have been eroding margins through aggressive pricing or contracting tactics</li> </ul>   |
|   | <p><b>Improve Customer Service/Quality</b></p>        | <ul style="list-style-type: none"> <li>• Increase customer renewal rate</li> <li>• Additional references and case studies</li> <li>• New or improved metrics and measures</li> </ul>   |



# Thank You

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