**Value Chain**

- **Firm Infrastructure**: Entrepreneurial management team; Focus: building quality into product at every stage; Culture: we save lives
- **Human Resource**: Small number of engineers working on development; persons understand implications of their work; high productivity, loyalty, and compensation
- **Technology Development**: Continual development of product design and software to increase effectiveness of product and provide more value to the customer
- **Procurement**: Production outsourcing company; good relationship; ensure quality of product, timeliness of delivery.
- **Installation Service company**: good relationship; ensure proper and prompt installation and service.

**Inbound Logistics**
- Product (Production is outsourced)
- Installation Service (outsourced)

**Operations**
- Quality Assurance
- EVS units
- Units sold by company sales force
- Installation training services

**Outbound**
- Trade Shows
- Demonstrations
- Free Trials
- Construction Magazines

**Marketing**
- Installation provider diagnoses unit
- Replace broken units

**Customer Service**

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**Industry Analysis**

**U.S. Construction Machinery Market**

- **Amount (in billion $)**: 2007 - 2011
- **Year**: 1997 - 2011

**Growth Strategy**

- **Expand along the value chain** - including forward and backward integration
  - Merger of with a GPS and/or GIS provider
  - Merger of with a dealer/wholesaler of heavy machinery
- **Expansion**
  - Vertical
  - Horizontal
- **Provide similar services as in expansion strategy to users such as fire-fighters and maintenance engineers**
- **Expansion to places such as New York** - the largest market in US
  - Due to its homogeneity in construction equipment, the expansion strategy is the easiest to

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**Sales Assumptions**

**Monthly Sales Assumptions**:
- 4 new customers for each market entered within 6 months
- 1 new customer for each market entered past 6 months
- 95% new customer retention
- 5 units for customer added in last 7 months
- 0.05 units for customer added past 7 months

**Product Price**:
- Year 1 Price: $5,000
- Year 2 Price: $6,000
- Year 3 Price: $10,000

**Product Costs**:
- Direct Material: 44% of Price
- Direct Labor: $180
- Quality Assurance: $120

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**Financial Information**

**Financial Projections**

- **Sales**
- **Operating Exp**
- **Net Income**
- **Cash Flow**

**Sales Categories**

- **Past 7 Month**
- **7 Month**
- **New Customer Sales**

**Number of Units**

- **Month**: March 09 - December 11

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**Illinois Institute Of Technology**