

IPRO 355: Enhanced Vision System for Construction Business Model and Analysis

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

Outbound

- EVS units
- Units sold by company sales force
- Installation training services

Marketing

- Trade Shows
- Demonstrations
- Free Trials
- Construction Magazines

Customer Service

- Installation provider diagnoses unit
- Replace broken units

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

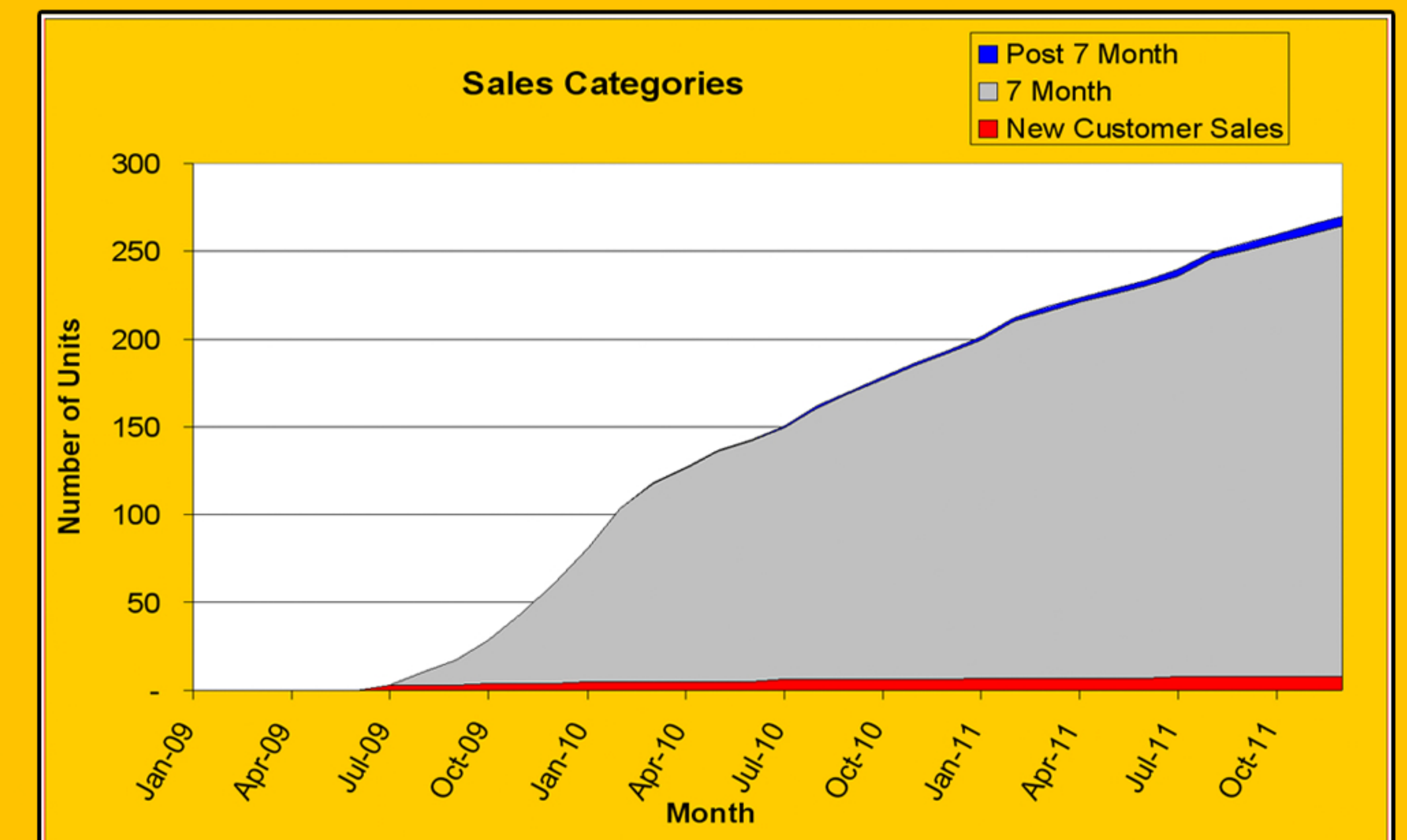
Product Price:

- Year 1 Price: \$5,000
- Year 2 Price: \$8,000
- Year 3 Price: \$10,000

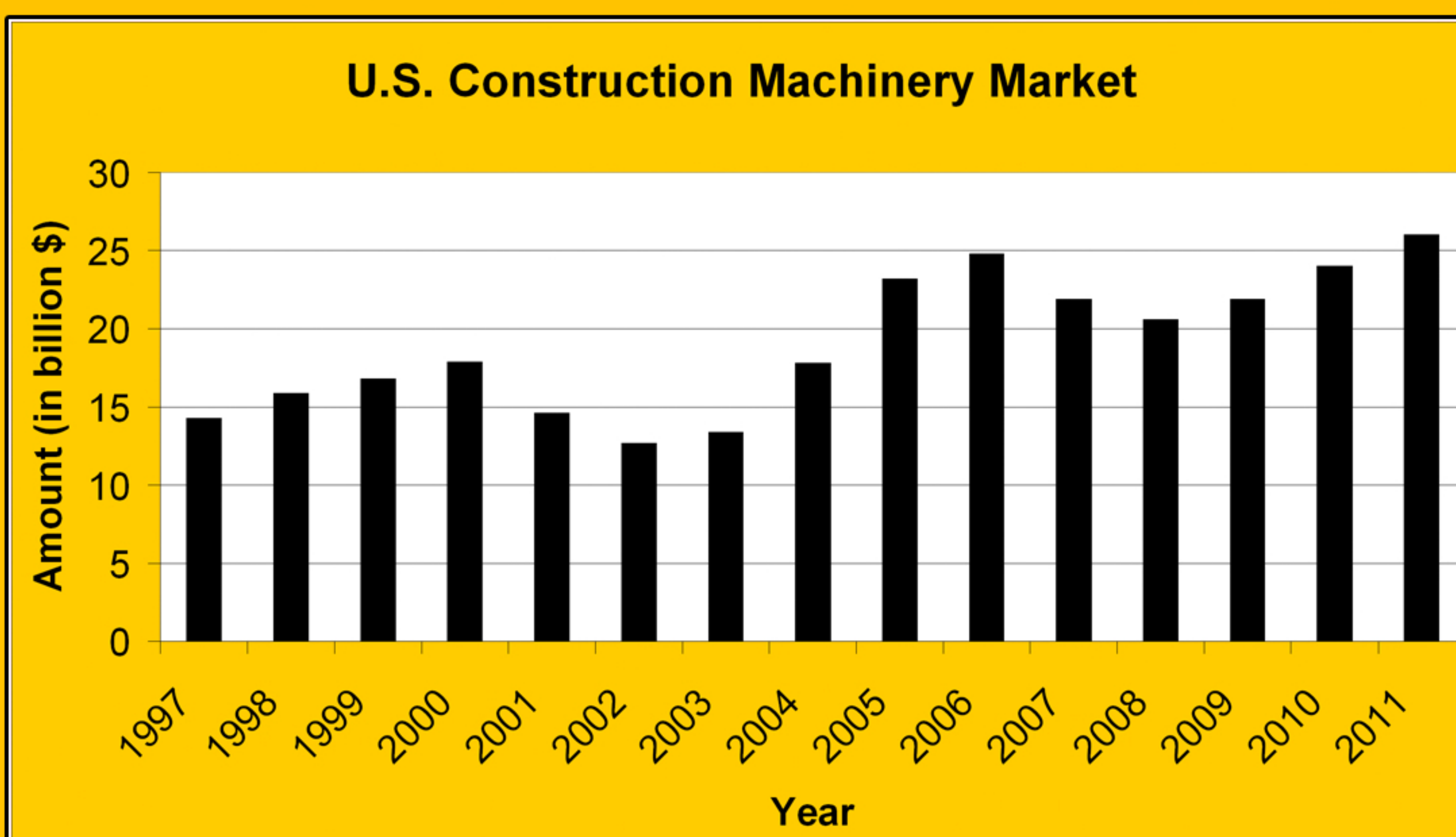
Product Costs:

- Direct Material: 44% of Price
- Direct Labor: \$180
- Quality Assurance: \$120

Financial Information

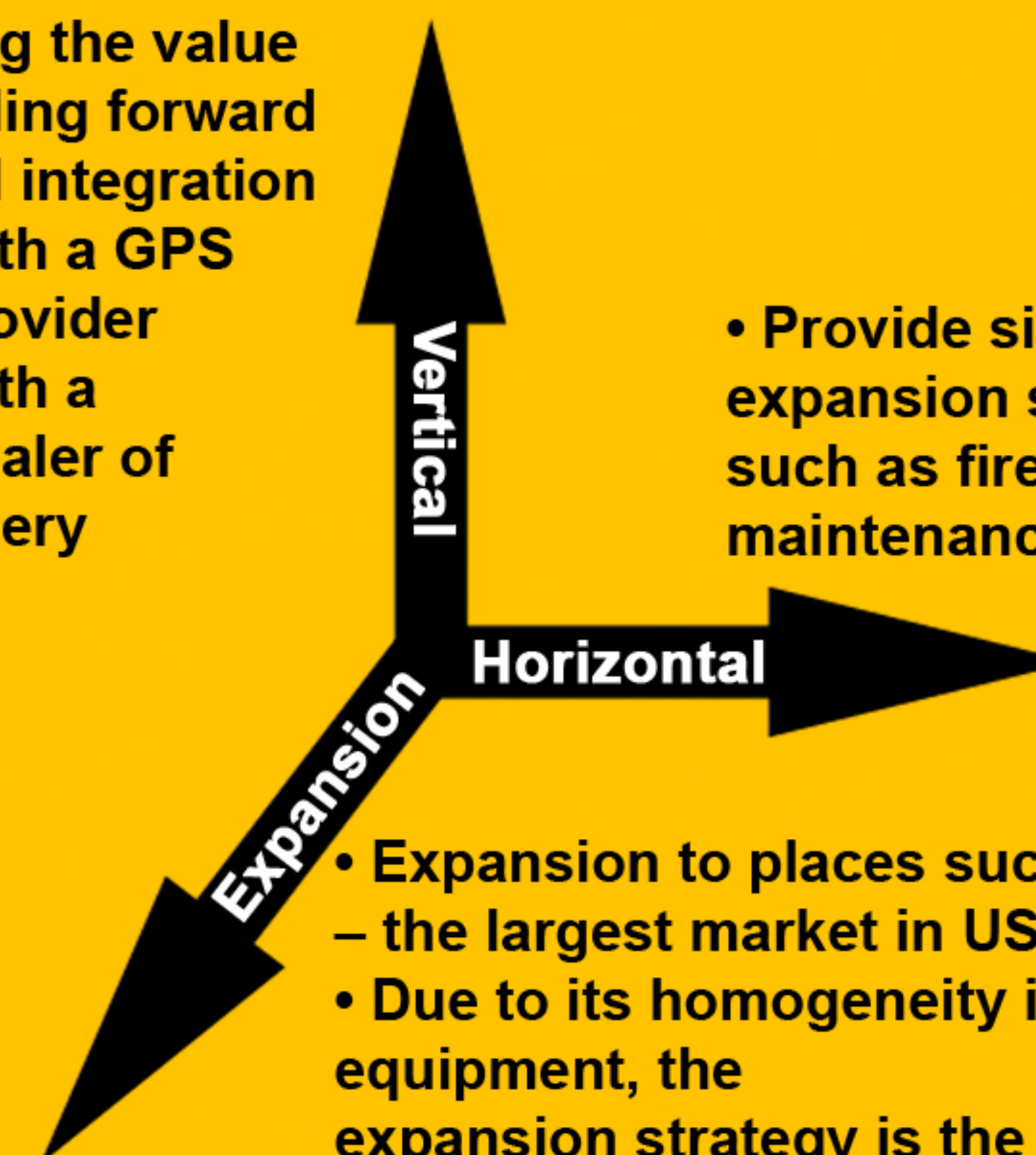


Industry Analysis



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



- 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

