



Uponor

LowEx as a business opportunity Forgotten research questions

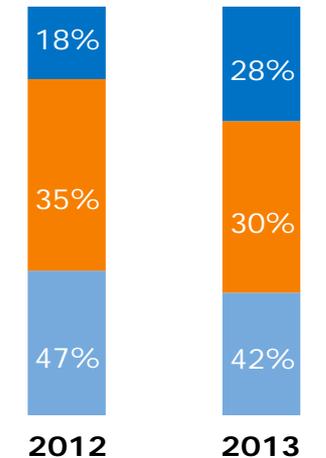
Ilari Aho
VP New Business Development & CSR
Uponor Corporation

November 5, 2014

Uponor in brief

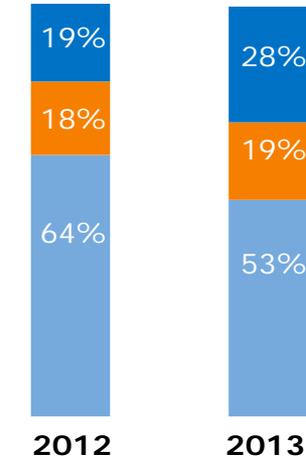
- Consolidated net sales for 2013: 906 MEUR
- Personnel: ca 4,100 persons

Net sales by business group



- Infrastructure solutions
- Indoor climate solutions
- Plumbing solutions

Net sales by segment



- Uponor Infra*
- Building Solutions – North America
- Building Solutions – Europe

*) The 2013 figures include the new Uponor Infra since 1 July 2013

Indoor Climate solutions

- Radiant heating and cooling
- TABS
- Ground energy systems
- Local heat distribution
- Outdoor surface conditioning
- Ventilation

Plumbing solutions

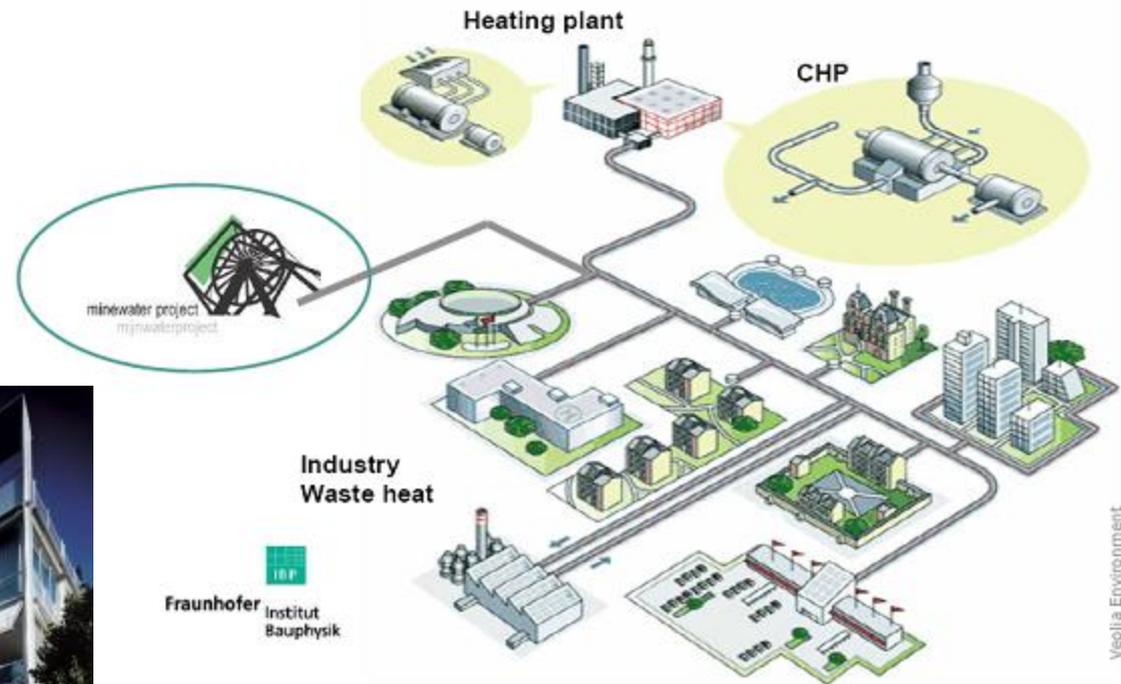
- Tap water systems
- Radiator connections
- Fire safety
- Indoor gas distribution
- Compressed air

Infrastructure solutions

- Municipal water distribution
- Sewer systems
- Gas distribution
- Telecommunications ducting
- Decentralised waste water treatment systems

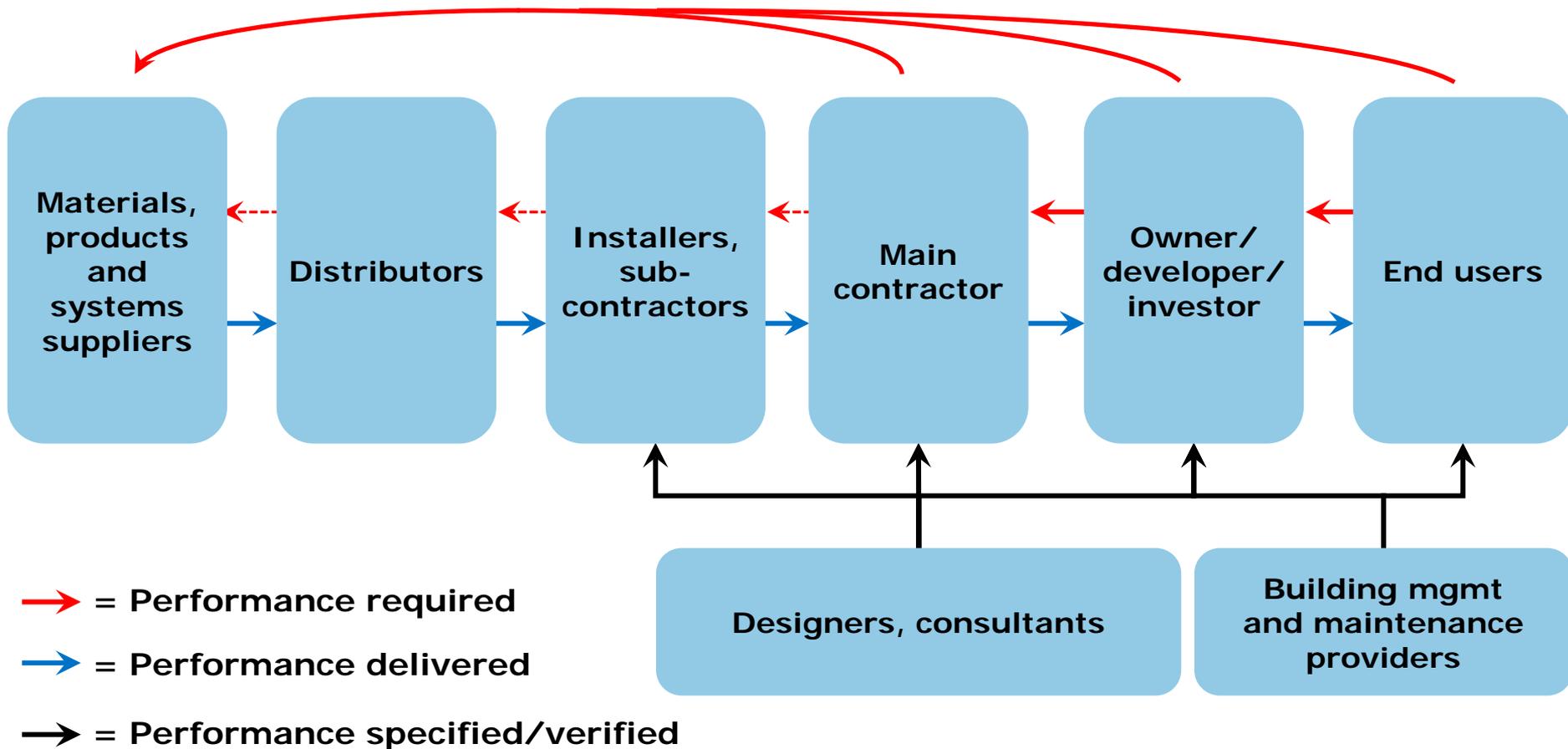
Resource efficient built environment is delivered on the community level

Efficient buildings + Low Exergy supply systems

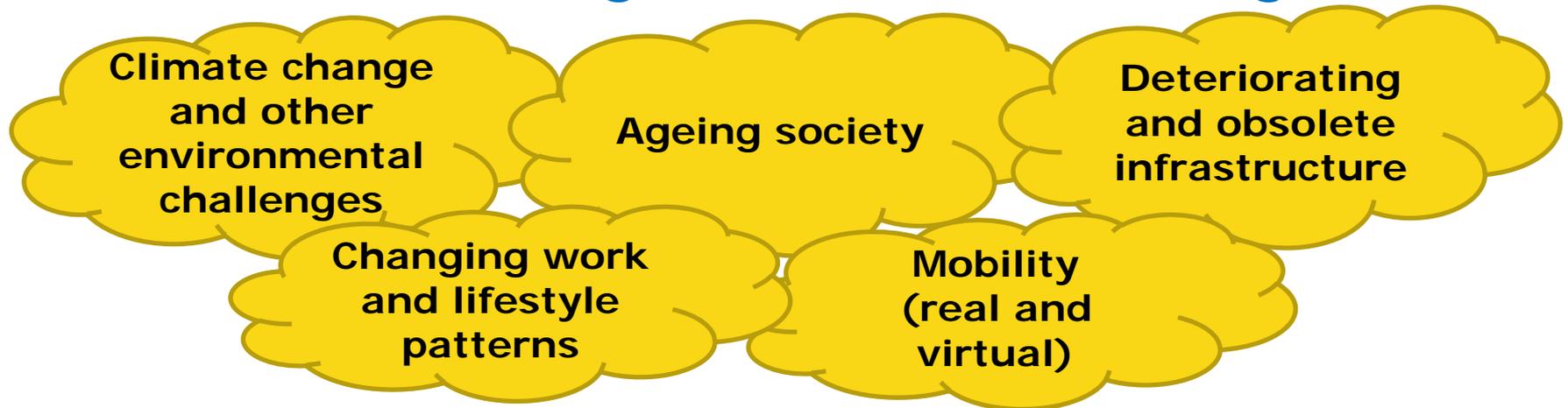


Fragmented construction value chain

- Who assumes responsibility for performance?
- How is performance delivered, ensured and verified?



Business challenges for sustainable growth



Business models

- procuring and delivering performance
- earning by performance
- innovative financing models

Capacity building

- competencies and capabilities for performance-based business
- on the sector level
- on the organisation level
- on the individual level

From buildings to areas

- technology, design, services and business integration for communities and areas
- community energy solutions
- smart transport infrastructure
- green and efficient utility infrastructure

R&D questions in low ex communities

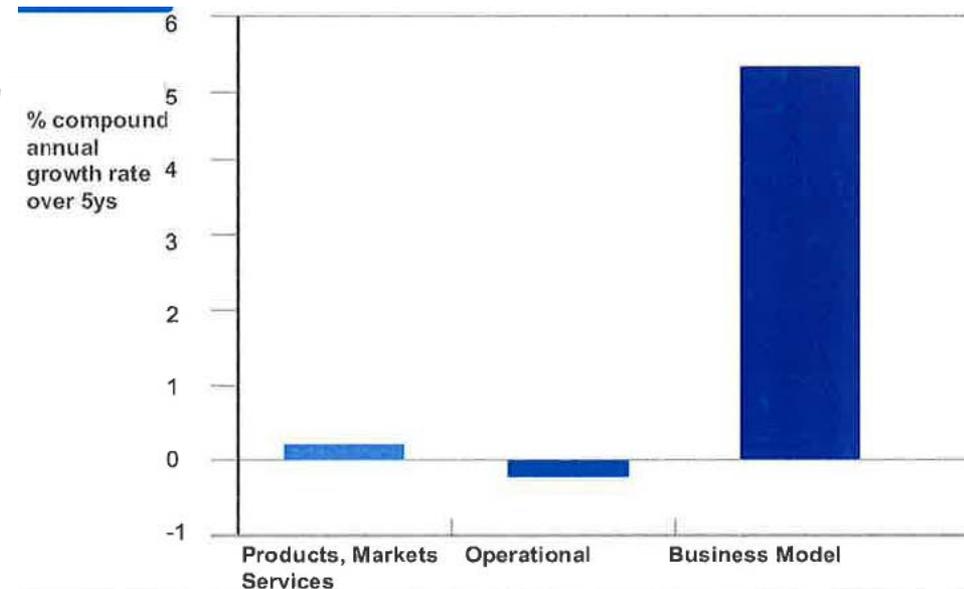
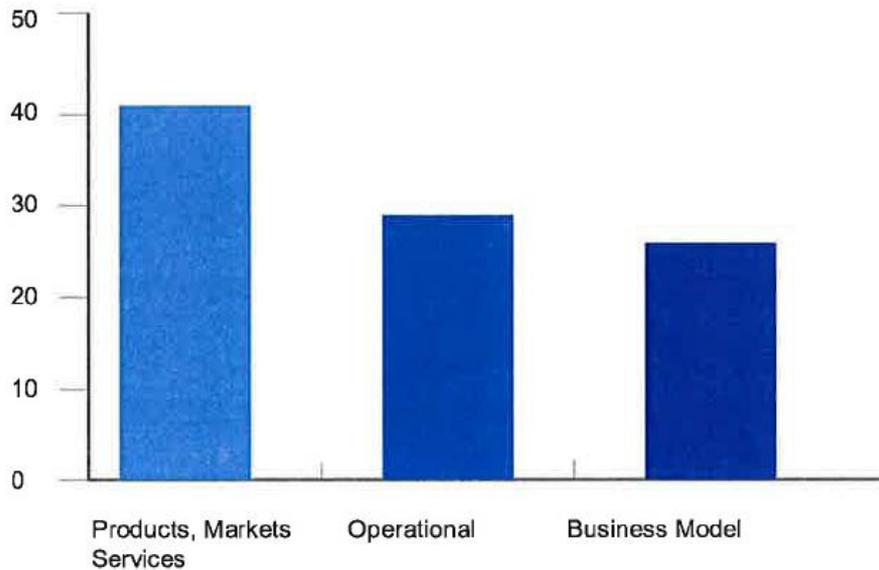
- Value generation
 - What is actually the value created for
 - end consumers
 - society at large
- Investment optimisation
 - Low demand density vs upfront investment vs long service life
 - Integration of buildings and infrastructure
- Simplicity, intelligence and optimised management
 - Risk of complexity of hybrid systems
 - Load balancing, smart thermal grids, etc
- Value network structure and delivery models
 - Business models for selling community energy services instead of products and energy

How does innovation provide benefits to business?

Development focus
and resource allocation

vs.

Competitive advantage
delivered by innovation



Source: IBM CEO Survey

Approach - Business Model Innovation

The Business Model Canvas

Designed for:

Designed by:

On:

Iteration:

<h3>Key Partners</h3>  <p>Who are our Key Partners? Who are our key suppliers? Which Key Resources are we acquiring from partners? Which Key Activities do partners perform?</p> <p>KEY RESOURCES FOR KEY PARTNERS: Operational capacity Reduction of risk and uncertainty Acquisition of valuable experience and insights</p>	<h3>Key Activities</h3>  <p>What Key Activities do our Value Propositions require? Our Distribution Channels? Customer Relationships? Revenue streams?</p> <p>KEY RESOURCES: Processes Production Problem Solving Platform/Network</p>	<h3>Value Propositions</h3>  <p>What value do we deliver to the customer? Which one of our customer's problems are we helping to solve? What bundles of products and services are we offering to each Customer Segment? Which customer needs are we satisfying?</p> <p>KEY RESOURCES: Channels Networks Performance Relationships "Sticky" or "Lock-In" Design Brand/Reputation Pilot Data Analytics Job Satisfaction Availability Comprehensibility/Usability</p>	<h3>Customer Relationships</h3>  <p>What type of relationship does each of our Customer Segments expect us to establish and maintain with them? Which ones have we established? How are they integrated with the rest of our business model? How costly are they?</p> <p>KEY RESOURCES: Personal assistance Individualized attention Self-Service Automated Services Communities Convenience</p>	<h3>Customer Segments</h3>  <p>For whom are we creating value? Who are our most important customers?</p> <p>KEY RESOURCES: Mass Market Niche Market Segmented Ecosystem Market-based Programs</p>
<h3>Key Resources</h3>  <p>What Key Resources do our Value Propositions require? Our Distribution Channels? Customer Relationships? Revenue Streams?</p> <p>KEY RESOURCES: Physical Intellectual Human Financial</p>	<h3>Channels</h3>  <p>Through which Channels do our Customer Segments want to be reached? How are we reaching them now? How are our Channels integrated? Which ones work best? Which ones are most cost-efficient? How are we integrating them with customer routines?</p> <p>CHANNEL PARTNERS: 1. Intermediaries 2. Resellers 3. Retailers 4. Suppliers 5. Logistics 6. Affiliates 7. Co-ops 8. Other roles</p>	<h3>Cost Structure</h3>  <p>What are the most important costs inherent in our business model? Which Key Activities are most expensive? Which Key Resources are most expensive?</p> <p>KEY RESOURCES FOR COST STRUCTURE: Fixed Costs (salaries, rent, utilities) Variable Costs Economies of Scale Economies of Scope</p>	<h3>Revenue Streams</h3>  <p>For what value are our customers really willing to pay? For what do they currently pay? How are they currently paying? How would they prefer to pay? How much does each Revenue Stream contribute to overall revenues?</p> <p>KEY RESOURCES: Fixed Pricing Job Design Customer segment dependent Volume dependent</p> <p>KEY RESOURCES: Usage-based Pricing Subscription/Retainer Razor-and-blade Freemium Advertising</p>	<h3>Cost Structure</h3>  <p>What are the most important costs inherent in our business model? Which Key Activities are most expensive? Which Key Resources are most expensive?</p> <p>KEY RESOURCES FOR COST STRUCTURE: Fixed Costs (salaries, rent, utilities) Variable Costs Economies of Scale Economies of Scope</p>





Uponor
simply more