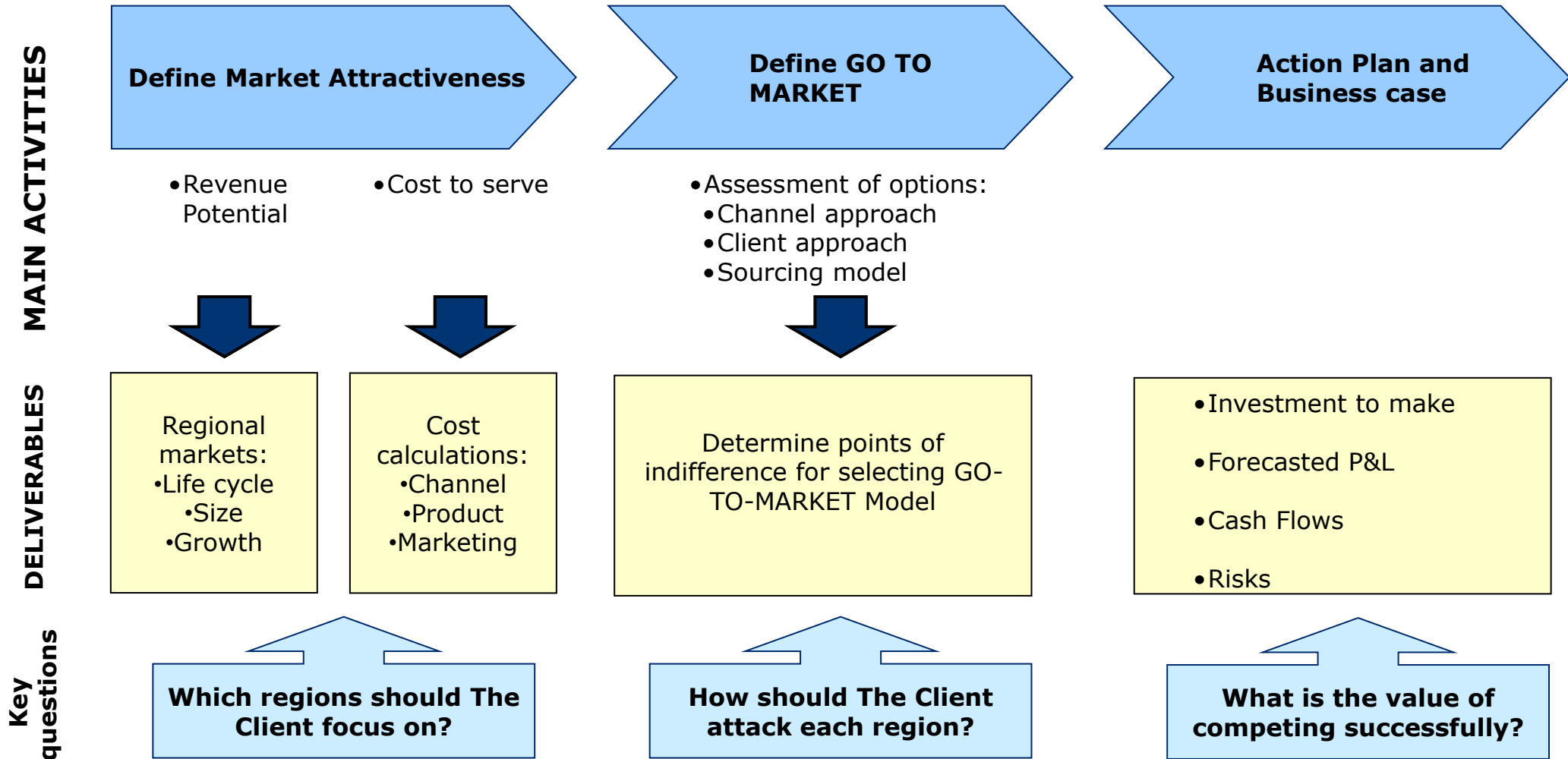


Case Study: market growth strategy

- Selection of slides

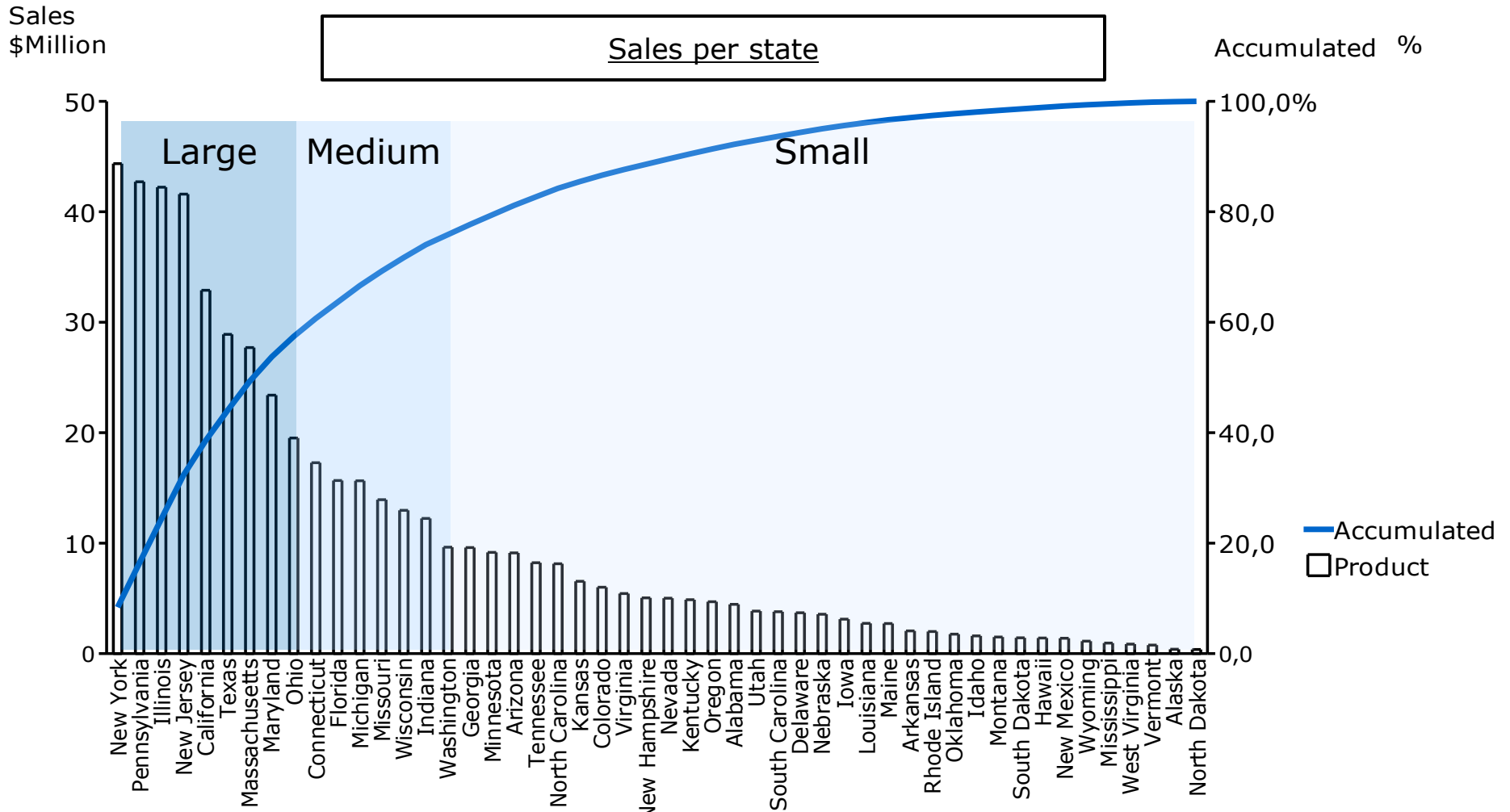
- Situation: 'The Client', global AC player, would like to enhance its positioning in the USA
- In this sense, the overall aim of the collaboration would be:
 1. To help 'The Client' obtain a thorough market segmentation and its future development in the next 3-5 years
 2. To assess 'The Client's' position in the US against its competitors
 3. To help the client develop the go-to-market strategy and define recommendations
 4. Define action plans and business case

The methodology focused on assessing the options of entering and growing each of the selected markets, i.e. regions/channels/clients



There are three large groups of market sizes

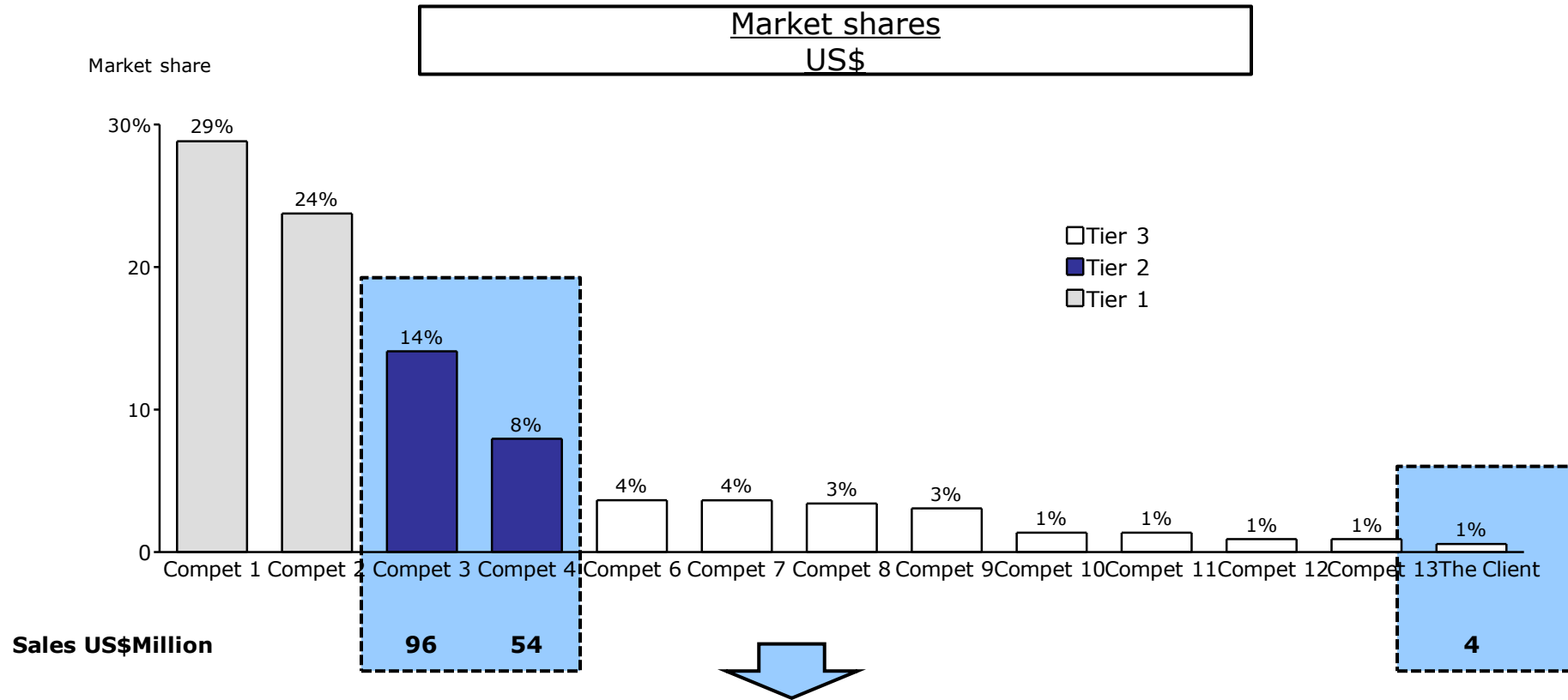
- Large: states with sales over US\$20 million accumulating 55%
- Medium: states with sales ranging US\$10-20 million accumulating some 20%
- Small: states with sales under US\$10 million accumulating 25%



Source: US Census. BMC Analysis

Should 'The Client' target a second tier position it would have to undertake a full force market entry

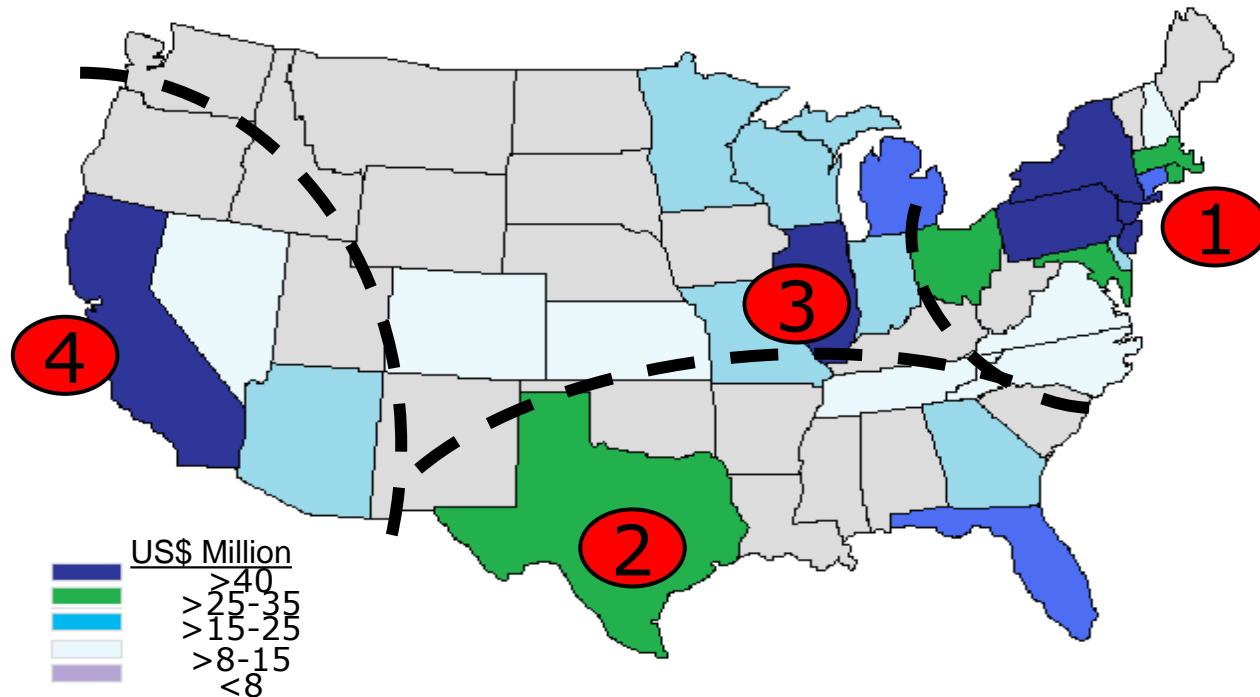
- Fully deployed product portfolio
- Access to all relevant market segments
- Full regional presence



Second tier position is used for basic hypothetical analysis

In order to tackle the US market's geographical dispersion, 'The Client' ought to follow the below regional infrastructure development

Regional overview
Basic scenario



Road Map

Year 1

Set central infrastructure

Year 2

Deploy South office to access South and West markets

Year 3

Deploy Mid West office
Deploy West office

After Year 3: Consolidate regions

By gaining reach:

Appoint new /national regional clients by offering local services

Appoint new State/region clients from local offices

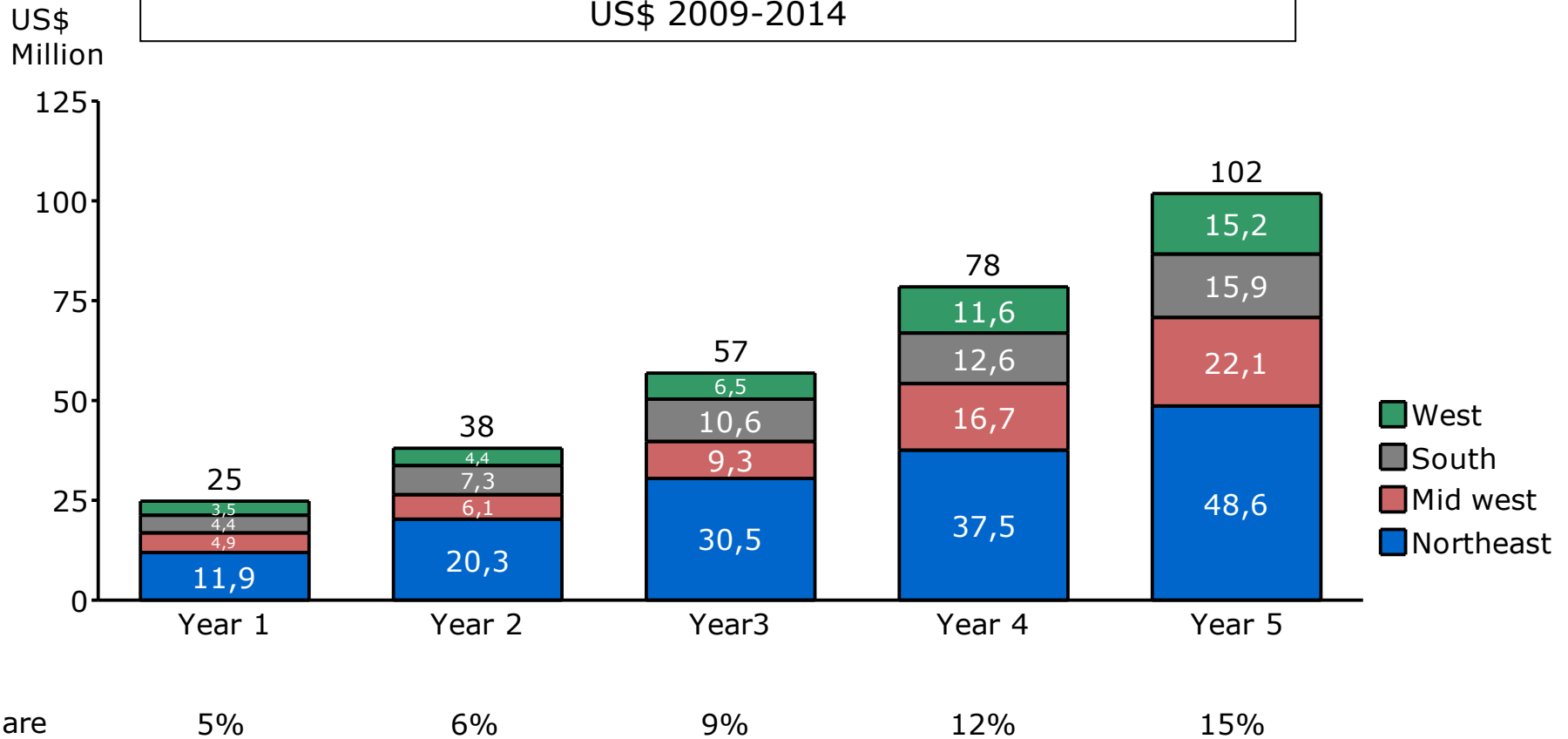
By gaining depth:

Grow existing clients, both national and local by offering local services

Forecasted sales will exceed US\$100 million by 2014 in the base scenario

-Deployment of regional infrastructure will take place when break even points are reached

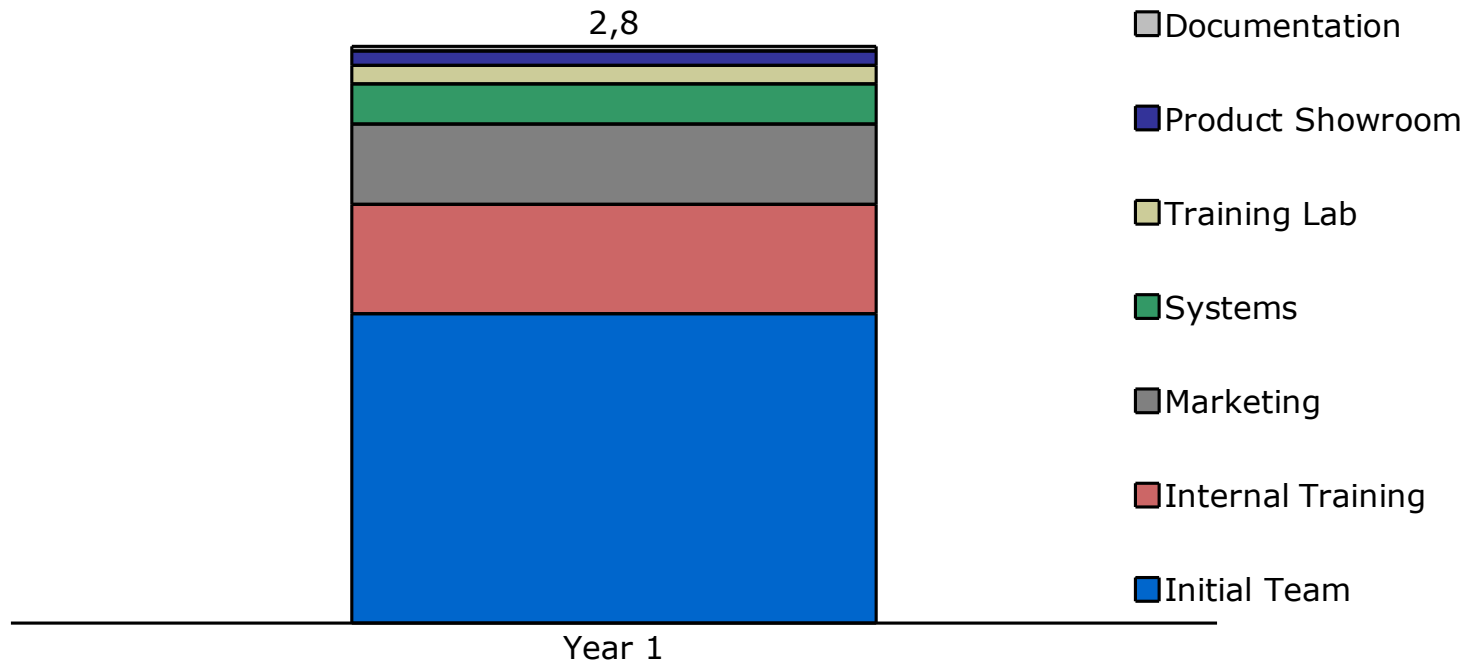
The Client's Sales Forecast by Region (Base Scenario)
US\$ 2009-2014



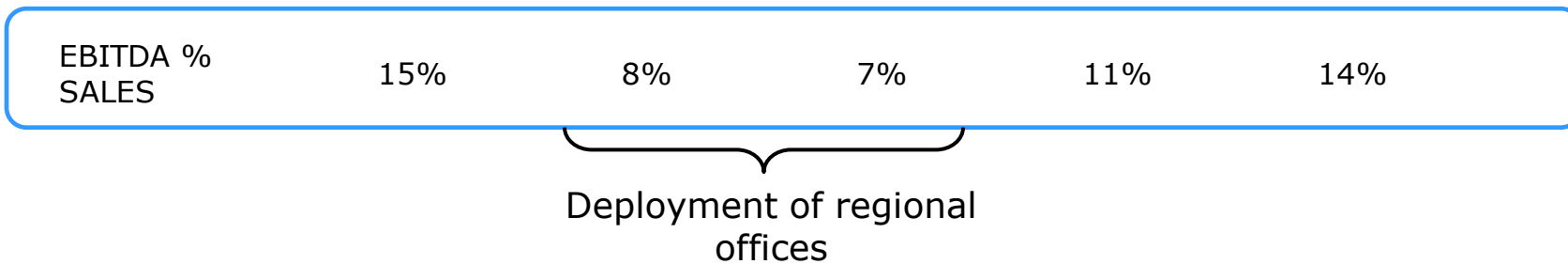
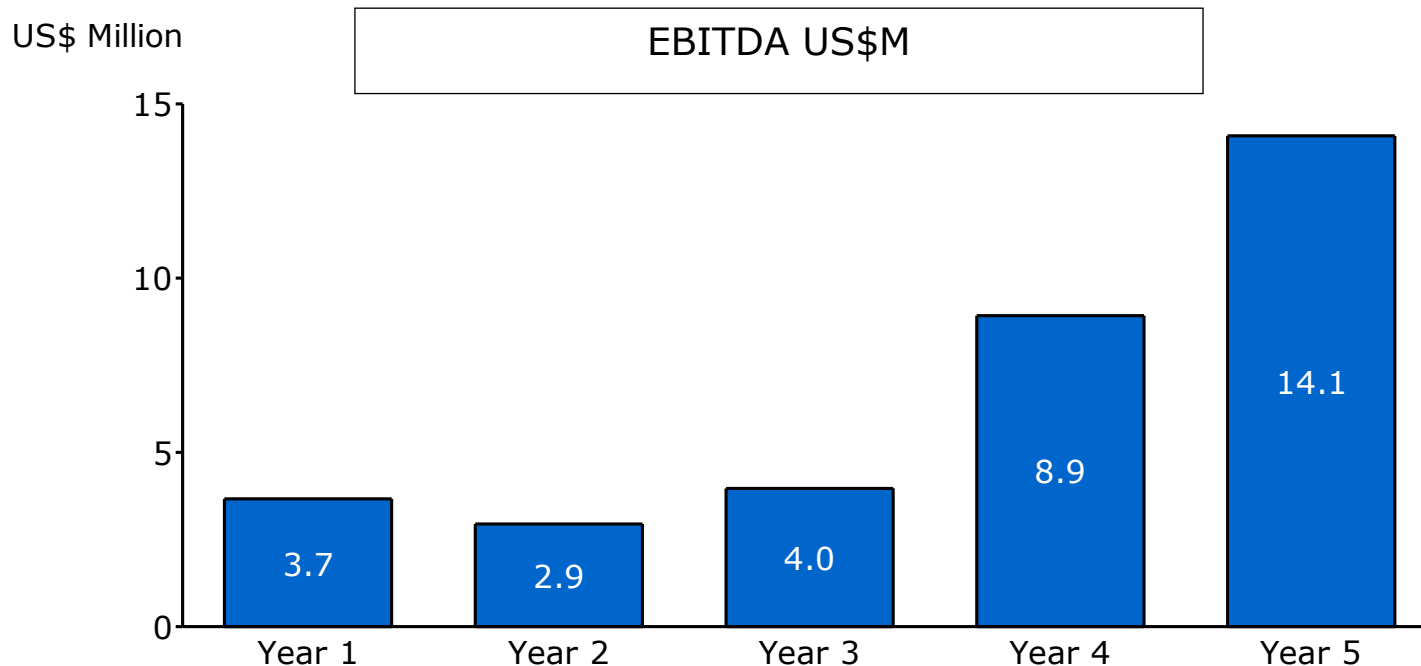
Where initial entry investments would require both HQ and regional effort

- Costs have been estimated at market averages
- Initial team deployment considers 50% of the staff cost in the first year as investment
- Initial marketing campaign is considered as 50% of the first year marketing cost

Initial investment US\$



The proposed US operation would yield EBITDA of US\$ 14 Million by year 5



The outcome of the study included the following deliverables:

- ✓ Analysis of the AC market environment, in terms of:
 - ✓ Size and predictive forecast model, regional sales analysis, routes to market, competitors, legal issues...
- ✓ Identification of main clients and customer segments in terms of size, cost structure, distribution channels
- ✓ Analysis of the Client's main competitors, in terms of:
 - ✓ Product range, commercial network, services, pricing strategy...
- ✓ Prioritisation of segments that can be best catered with The Client's products
- ✓ Set up of potential scenario based target sales in 3-5 years
- ✓ Identification of must have competencies, channels and infrastructure
- ✓ Development of action plans necessary to achieve the agreed targets
- ✓ Development of business plan, detailing resources needed, cash flow projections and ROI projections

BMC helped The Client develop an strategy to enhance their AC business in the USA:

- Pursued a detailed analysis of The Client's performance regarding its evolution, organisation and operations, financial indicators etc
- Reviewed the value proposition and explored segments that represented accessible growth opportunities to The Client, including products, clients and regional coverage
- Developed a business case with different investment, profitability and growth scenarios



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