

BUSINESS MODEL CANVAS

Written Report – Group “KONG”



Authors

Crişan Dora-Ioana

Davidovici Ana

Pop Andrei- Lucian

Roşca Ioan-Virgil

Tibil Raisa-Ema-Brighita

Introduction

Sperre AS delivers customized ROV-systems, underwater lighting, and video-systems since 1993 and later they started to produce washers for fish farms. Their offer is looking for offshore, inshore and aquaculture. The systems are supplied as a complete package of equipment and thorough training of pilots and service personnel.

Their vision is to be a flexible partner that provides all their clients with the best possible service and technical support.

Sperre AS is ISO-certified, which applies to the following business areas: marketing, sales, development, and production of Remote Operated Vehicle (ROV) and other subsea equipment. ROV missions and consultancy services connected to the subsea area are a new business line. The company headquarters are in Nottoden, Norway.

Customer segment

Customers comprise the heart of any business model. To better satisfy its customers, the companies must know to whom they sell and solve their problems. Sperre's main segment is aquaculture. Specifically, their products are addressed to niche markets such as ROVs and fish farms. As their products are highly priced and use complex technology systems, it makes the company more suitable for the B2B model. Furthermore, they are mostly present in the Norwegian market, as they sell about 90% of their products nationally, but they also go international, selling in China, Canada, Chile, Scotland, Australia and they also have requests in Turkey, Croatia, and some other countries.

Value propositions

Sperre offers a range of products for underwater work and inspections: ROV Systems, Deep Water ROV, ROV Handling, ROV Tooling, Lights, Cameras, as well as Aquaculture and Engineering products.

The main goal of the company is to be flexible and to satisfy the customers' demands providing them with the best possible service and technical support. To achieve this goal, they rely on both quantitative (speed of service) and qualitative values (customization service) which make them different from their competitors. Being a small company (21 employees) allows them to react fast and to be adaptable regarding new orders. Moreover, they offer customized products to the specific needs of individual customers.

In addition to the ROV-systems, Sperre provides different services such as assistance in research and archaeology, missions for finding lost citizens and takes part in diverse projects like National Geographic project "Drain the Ocean".

Distribution channels

Regarding the distribution channels, Sperre chooses a direct channel as it simplifies the delivery of the product to the customer. Due to the value of their products, they can't afford to take responsibility after the product has left the factory. Because of this, they use Ex Works distribution, therefore if anything was to happen during the transportation process the truck driver/delivery company would have to cover the costs. Sperre also provides uniquely customized crates for shipping, so customer feels he bought a unique product, maintaining a good image for the company.

Customer relationships

The relationship between Sperre and its customers is based on human interaction.

The customer can have real-time communication with a company representative to get support during the sales process or after the purchase is completed. Sperre is now more concerned about gaining new customers than retaining the existing ones as they want to expand to new markets. Due to their focus on customer fidelization and high quality of their products, there are several users purchasing their second system, or others that require maintenance, spare parts, etc. They also focus on being quick and flexible, as customers rely on their promptitude to deliver spare parts to replace the broken ones. Furthermore, the

company gives considerable importance to their customers' feedback. Once a year a survey is sent via email and the responses are used to improve the quality of products and services.

Sperre also offers a 12-month warranty together with some maintenance rules that customers have to follow.

Revenue streams

Sperre mostly obtains transaction revenues resulting from one-time customer payments (90% of which Norwegian) for asset sales, using fixed and predefined prices. The company delivers ROV-systems, underwater lighting and video-systems for offshore and inshore use. In 2016, due to the launch of a new product (Typhoon – a fish net ROV cleaner) their turnover had a staggering increase, experiencing a boost from 6 to 10 million euros. During a year, Sperre normally has around 10 to 15 big orders, as they also deliver spare parts and provide aftermarket services (for example maintenance and technical support) which represent recurring revenues up to 10% of the firm's total income. Generally, approximately 60% of the turnover comes from aquaculture and fish farming, little from oil and gas. In addition, Sperre provides rental services, conducts surveys and research projects such as "Ormen Lange" and "Drain the ocean" for National Geographic, and occasionally takes part in rescue missions accompanying the law enforcement officers.

Key resources

The most important resources for Sperre are employees, with an important role in Research & Development, Sales and Engineering. Company is using patents and trademarks to protect its intelligence and intellectual property.

Recruitment of new staff is done locally, through a website. People are recruited based on their qualifications and specifications of vacant position. New employees are involved in a training program. Employees' loyalty is maintained using the following measures: yearly participation in a teambuilding, daily meal at companies' cantina, 4,8% of income (a very high percentage for Norway) is transferred yearly to a pension fund, overtime work and work

during weekend are compensated in the following way: hourly rate +50% for first 4 hours of overtime and hourly rate +100% bonus for the hours spend in addition to the first 4 hours.

Key activities

At Sperre, work is split between the following departments: *Engineering*, which designs the products and makes sure that from technical point of view everything is working as it should; *IT*, where the 2 employees are responsible for proper functioning of the ROVs; *Management*, which coordinates the activity and implements tasks from different departments like Sales or HR. Accounting activity is subcontracted. Their main activities are R&D, production (assembly and testing), and sales. Components which cannot be produced inhouse are outsourced. Assembly is mostly a handmade process.

Key partners

Sperre is 100% owned by the AKVA Group, a powerful and globally company, which opens countless opportunities and brings valuable benefits to Sperre, such as financial support and access to new markets. As their website states, the AKVA group is a unique partner with the capability to offer both pen farming and land-based aquaculture operations with complete technical solutions and services.

Cost structures

The major costs are salaries of the employees and rent for the building, which are also fixed costs. Product testing (performed especially for custom-made products) represent a variable cost.

Raw materials represent 30 to 40% of the total cost. Marketing costs are covered by the AKVA Group.

Conclusion

Sperre AS is a growing company which wants to expand and double its turnover in the near future. Their good profit margin ensures a high probability of success in reaching the aforementioned goal. Due to new competitors on the Norway's west coast and climate change which will render oil and gas industries obsolete, the company must adapt and properly consider their next move on the market.