From Embers to Feathers

Presented by **Florentine Gagnon, Philippe Tremblay, Tomy Pelletier** & **Alexane Ménard**

Presented to **CodeIT**

TRUE NORTH
Consulting

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To help you find your North Star

Executive Summary

CODE IT®

GOAL	KEY CONSIDERATIONS	RECOMMENDATION	IMPACTS

GOAL

Guide CodeIT through a **swift transition** to an **ARR** business model

KEY CONSIDERATIONS

Reconcile the **new** revenue model with **existing** customers' expectations

Attract **new** customers with a fresh **sales strategy**

Effectively manage **change within the organization**

RECOMMENDATION

Project Phoenix

1. **Ignite** enthusiasm within employees

2. **Renew** value proposition communication

3. **Soar** with customers

IMPACTS

Retain 92% of customers during the twelve months of transition

Successful internal transition and **employee retention**

160M Nok in annual recurring revenue in 2027

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TRUE NORTH
Consulting

1. Analysis

A Better Way to Approach Production Management

Industry 5.0

Traceability Boom

12% Of executives view sustainability as a top goal for traceability

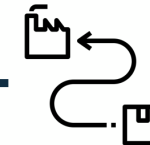**$9.5B** Projected market size of traceability market by 2031 (2.8B - 2021)

Supply Chain Requirements

More than **85%** Of executives believe their current supply chain does not deliver enough traceability

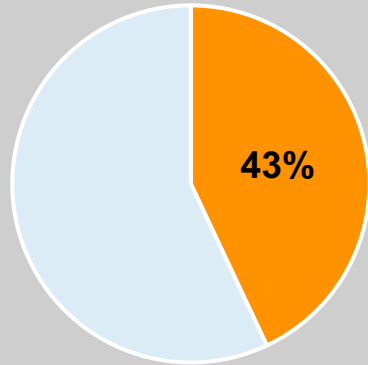**CodeIT must capitalize on recent traceability trends with their new ARR business model**

Source: Forrester, Allied Market Research, Bain
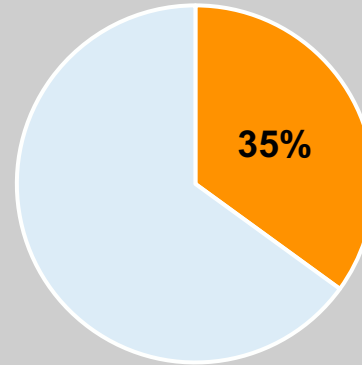
A Better Way to Approach Production Management

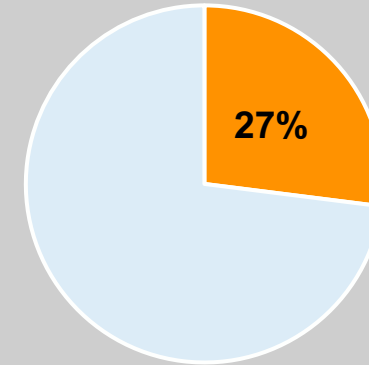*According to Executives surveyed by Bain*

Traceability: *Barriers to adoption*

43%

Complexity of integrating with existing equipment

35%

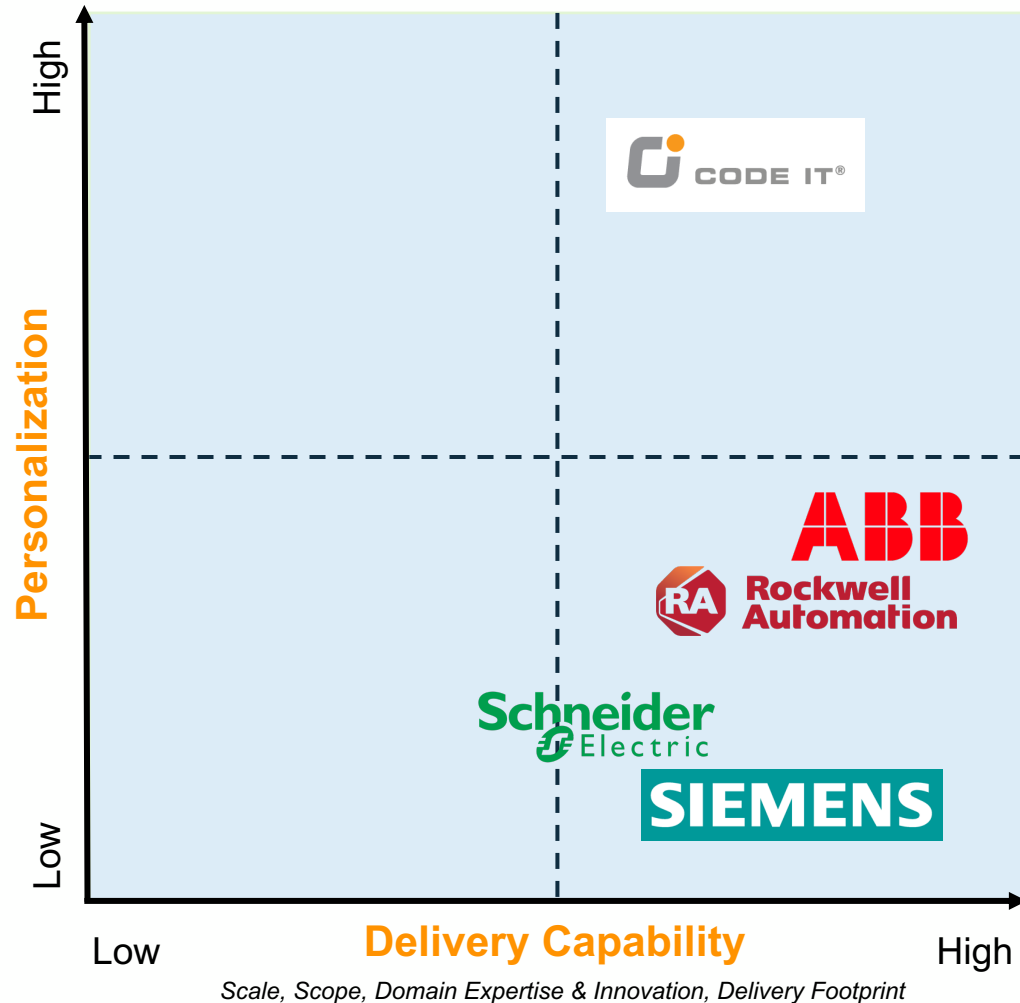**Difficulty stitching digital models together**

27%

Complexity of integrating with existing workflows

CodeIT's products and services respond directly to customer pain points

Source: Forrester, Allied Market Research, Bain

CodeIT Enterprise Has a Unique Positioning

High

Personalization

Low

CODE IT®

ABB

Rockwell Automation

Schneider Electric

SIEMENS

Low **Delivery Capability** High

Scale, Scope, Domain Expertise & Innovation, Delivery Footprint

Source: Everest Group, CodeIT

Value Proposition Breakdown	
Competitors	**CodeIT**

Standardization

Scale

International Footprint

Brand & Reputation

CodeIT Enterprise Has a Unique Positioning

Personalization (vertical axis: Low → High)

Delivery Capability (horizontal axis: Low → High)

Quadrant chart:
- CODE IT® (High Personalization, High Delivery Capability)
- ABB
- Rockwell Automation (RA)
- Schneider Electric
- SIEMENS

Scale, Scope, Domain Expertise & Innovation, Delivery Footprint

Value Proposition Breakdown

CodeIT

- **43%** — Complexity of integrating with existing equipment
- **35%** — Difficulty stitching digital models together
- **27%** — Complexity of integrating with existing workflows

Personalized, comprehensive and **easy-to-understand** software and services

Source: Everest Group, CodeIT
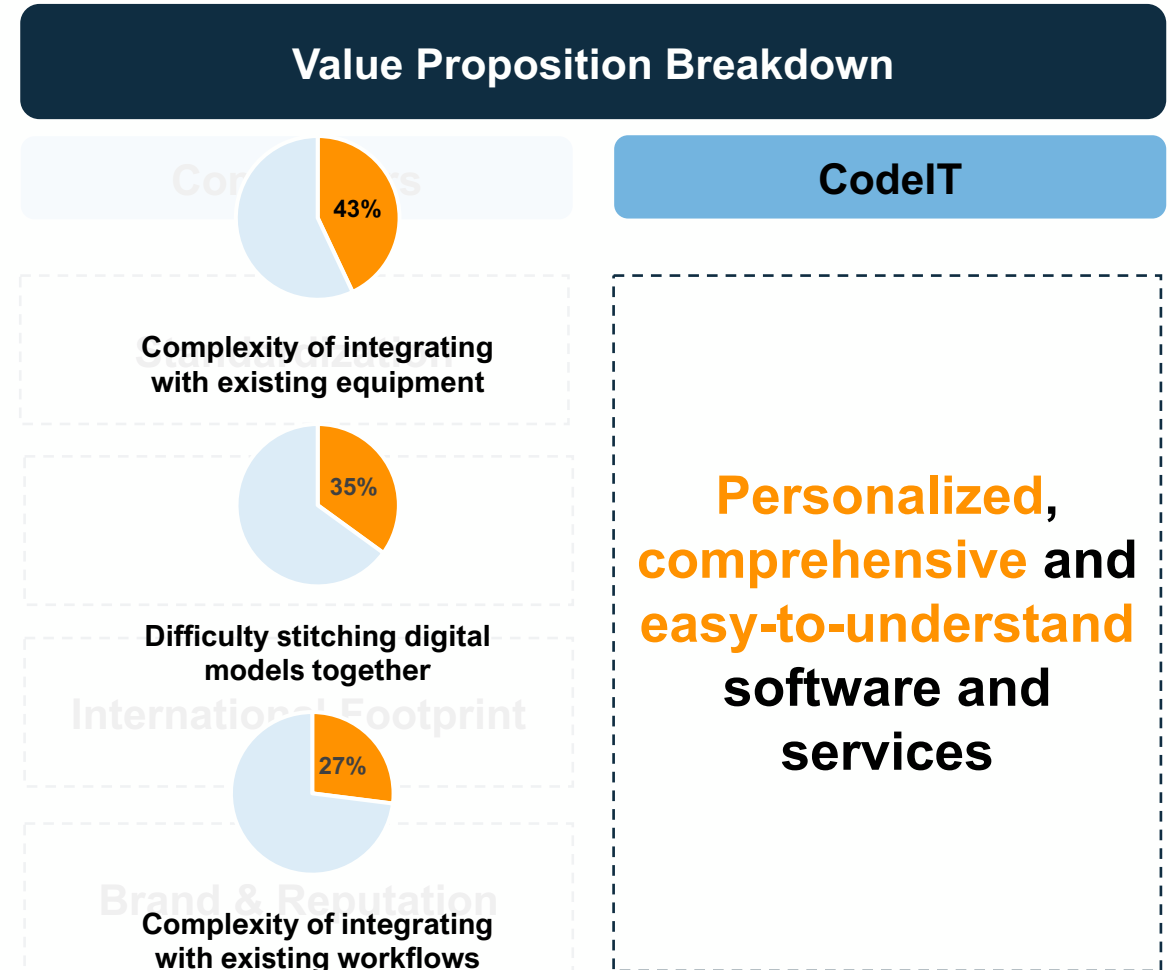
Ensuring a Sustainable Future Through an ARR Model

All-In-One Business Model

Pricing

Generous and friendly pricing practices

Bundling

One-time, all-in-one solution

Software Value

Client perception and understanding

Source: CodeIT

Ensuring a Sustainable Future Through an ARR Model
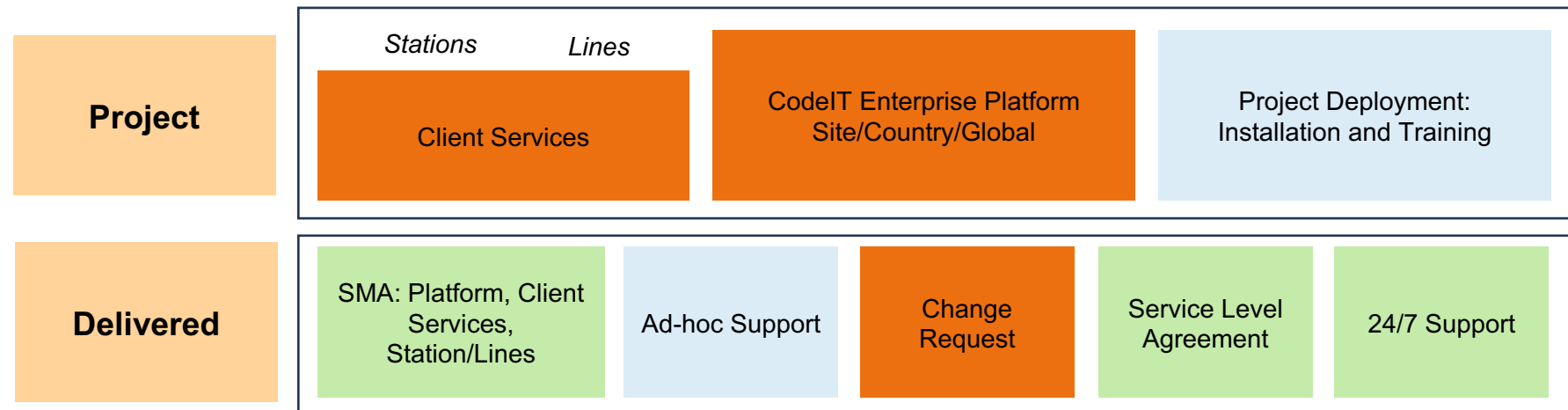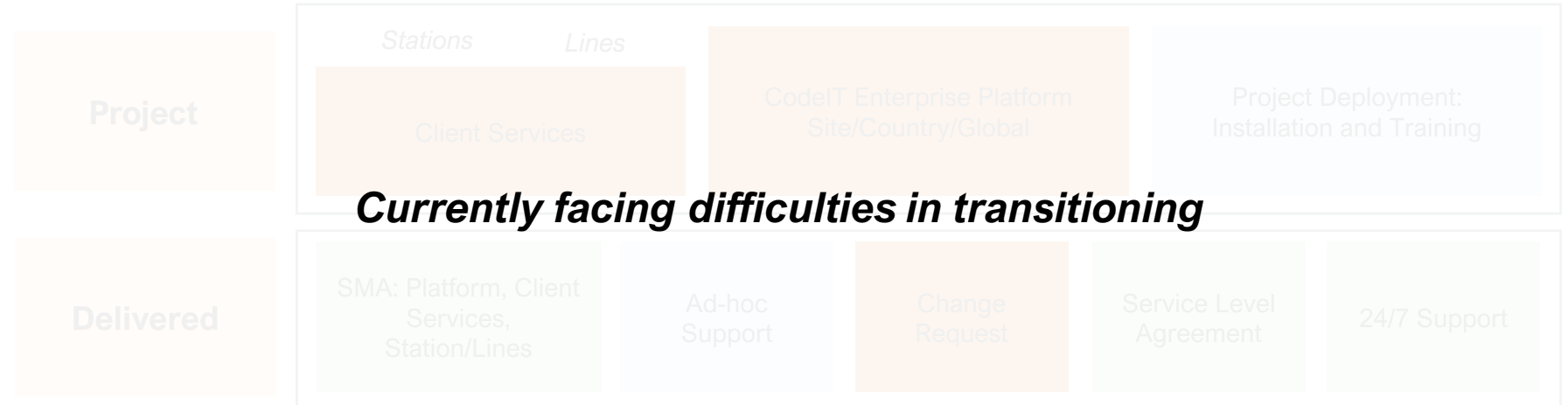
All-In-One Business Model

Pricing

Generous and friendly pricing practices

Was revisited to instigate a more robust and sustainable business model

Building

One-time, all-in-one solution

Software Value

Client perception and understanding

ARR Business Model

Project

Stations	*Lines*	CodeIT Enterprise Platform Site/Country/Global	Project Deployment: Installation and Training
Client Services			

Delivered

SMA: Platform, Client Services, Station/Lines	Ad-hoc Support	Change Request	Service Level Agreement	24/7 Support

Analysis   Project Phoenix   Impacts   Taking Flight

Ensuring a Sustainable Future Through an ARR Model

CODE IT®

All-In-One Business Model

Pricing

Generous and friendly pricing practices

Was revisited to instigate a more robust and sustainable business model

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One-time, all-in-one solution

Software Value

Client perception and understanding

ARR Business Model

	Stations	Lines	
Project	Client Services	CodeiT Enterprise Platform Site/Country/Global	Project Deployment: Installation and Training

Currently facing difficulties in transitioning

Delivered	SMA: Platform, Client Services, Station/Lines	Ad-hoc Support	Change Request	Service Level Agreement	24/7 Support

Interdependencies

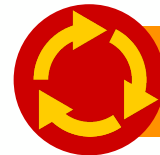| Employee Management	Communication Strategy	Customer Sourcing	Sales Process

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Project Phoenix

Ignite

Presenting the new ARR model to employees, especially to the engineers

Renew

Properly communicating your value proposition to new and existing customers

Soar

Transitioning your existing customers to the new model and introducing new customers
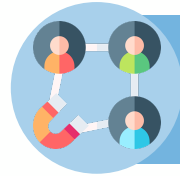
2. Project Phoenix

Ignite Enthousiasm

Successful Conditions for Change

Compelling Message	Engagement	Leadership Accountability

In order **to buy in,** employees need to understand **why** change is necessary
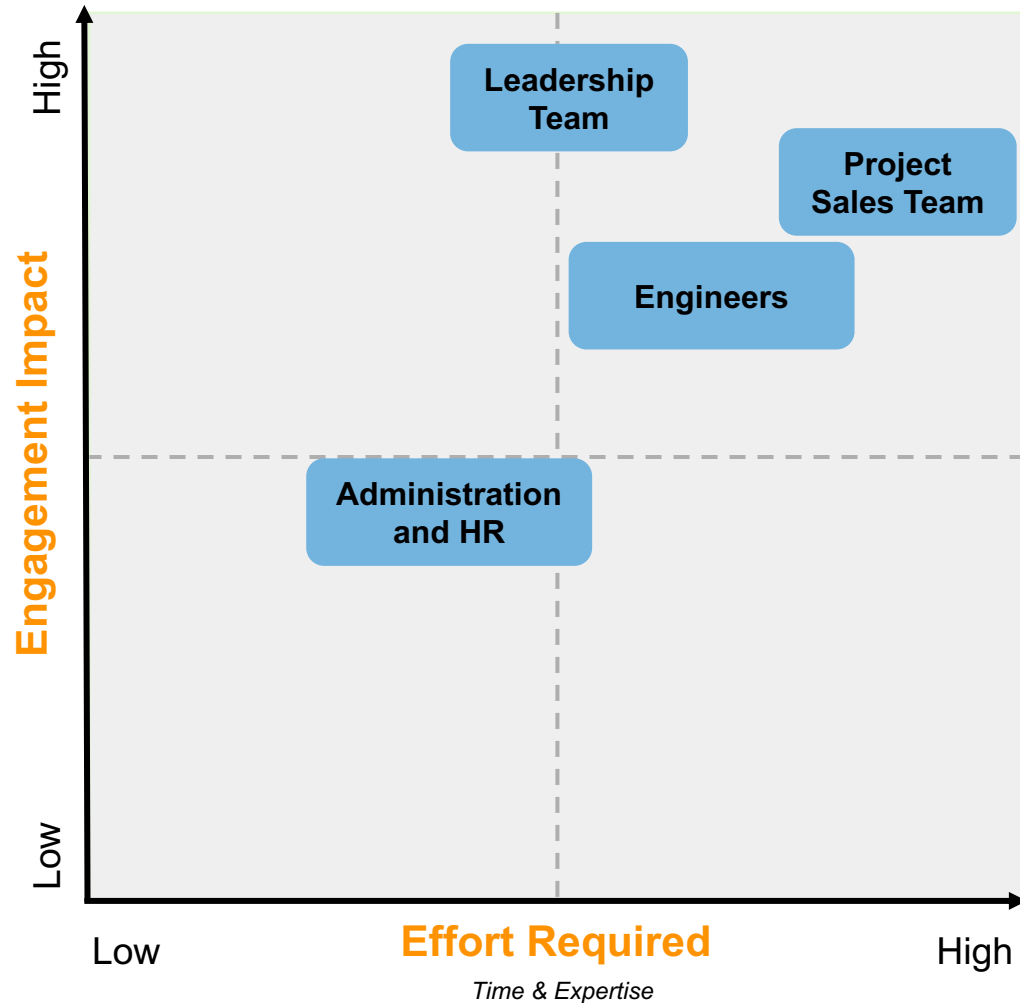
Clear **communication is not enough**; engagement through **co-creation** and **feedback on progress** is also key

All leaders should reinforce mechanisms to **fuel change** and **take accountability**

Change is about people: in order to succeed, leadership needs to convey a clear message

Source: Talent Management & HR

Identifying Where Support Will Be Needed

Engagement Impact

High

Leadership Team

Project Sales Team

Engineers

Administration and HR

Low

Effort Required

Low

High

Time & Expertise

Managing Change for Employees

Change Resistance Factors
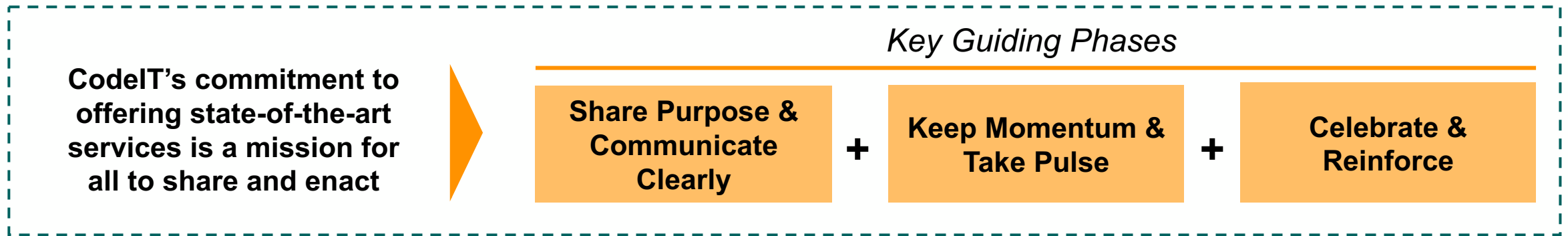
- Comfort zone
- Reward system
- Fear of failure
- Goals

Playing to win

Change is a holistic process. In order to maximize results, initiatives should first take place at the Engineer & Sales Professionals levels.

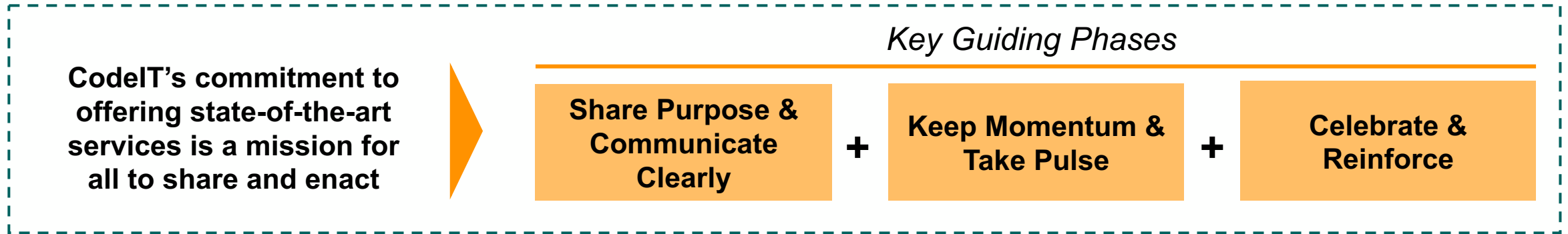*Source: Korn Ferry*

Change Management Requires Consistency…

CodeIT's commitment to offering state-of-the-art services is a mission for all to share and enact

Key Guiding Phases

Share Purpose & Communicate Clearly	**Keep Momentum & Take Pulse**	**Celebrate & Reinforce**

\+ \+

Source: Kotter Inc.

Change Management Requires Consistency...

Key Guiding Phases

CodeIT's commitment to offering state-of-the-art services is a mission for all to share and enact

Share Purpose & Communicate Clearly	+	Keep Momentum & Take Pulse	+	Celebrate & Reinforce

Actions speak louder than words

Clear Message to Be Conveyed

"We are changing to allow us to get better at *Doing Things Better*"

Symbol of Change Manifestation

Getting the head of sales to **make the first call**

Change Committee & Champions

Champions to **emit and receive feedback**

Source: Kotter Inc.

Change Management Requires Consistency…

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"We are changing to allow us to get better at *Doing Things Better*"

Symbol of Change Manifestation

Getting the head of sales to **make the first call**

Change Committee & Champions

Champions to **emit and receive feedback**

Change requires constant support

Align KPIs

Switching the acquisition goal to a retention goal

Provide Tools

Working with the sales professionals to **create an email template**

Coach & Train

After initial training, conducting weekly touchpoints to **foster cross-learning**

Source: Kotter Inc.

Analysis | **Project Phoenix** | Impacts | Taking Flight

TRUE NORTH Consulting
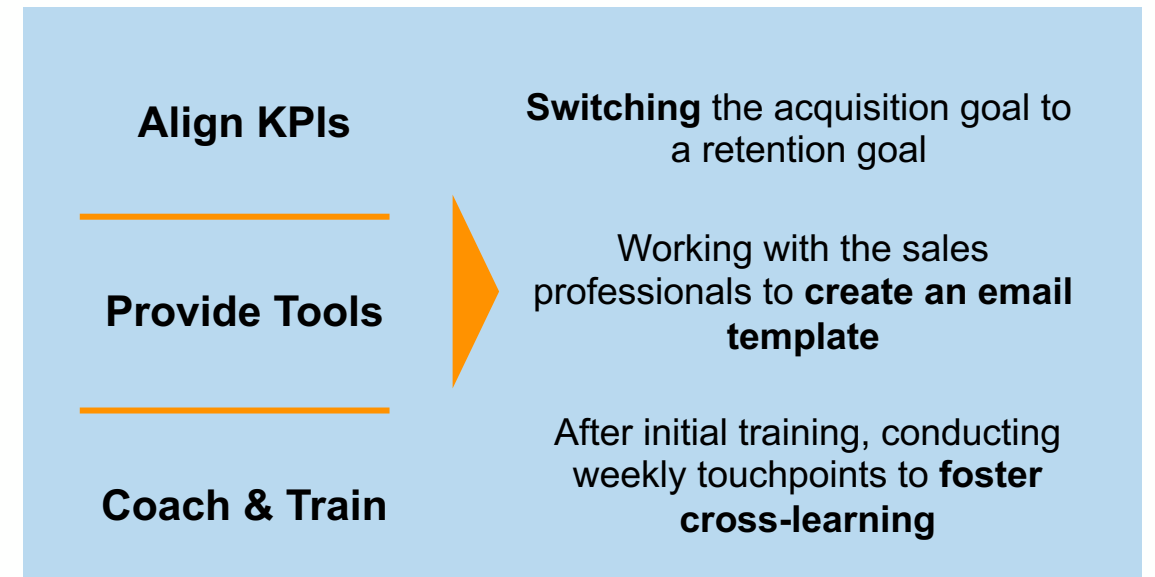
… And Needs Tailoring

Why?

Data shows that **assessment of communication style** drives better communication

What are common characteristics of engineers?

High degree of autonomy

Detail-oriented

Problem-solving driven
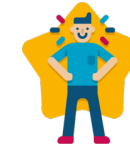
Data-driven

Learnings

Management needs to convey that an ARR model locks in CodeIT's competitive advantage

Effective communication is the art of **understanding before** trying to send out a message

Practical evidence and facts speak louder to engineers when trying to enable willingness to change

Source: Insights, Myers & Brigg Foundation

…So You Must Offer What Stakeholders Ask For

Engagement Impact

High

Low

Leadership Team

Project Sales Team

Engineers

Administration and HR

Effort Required

Low

High

Time & Expertise
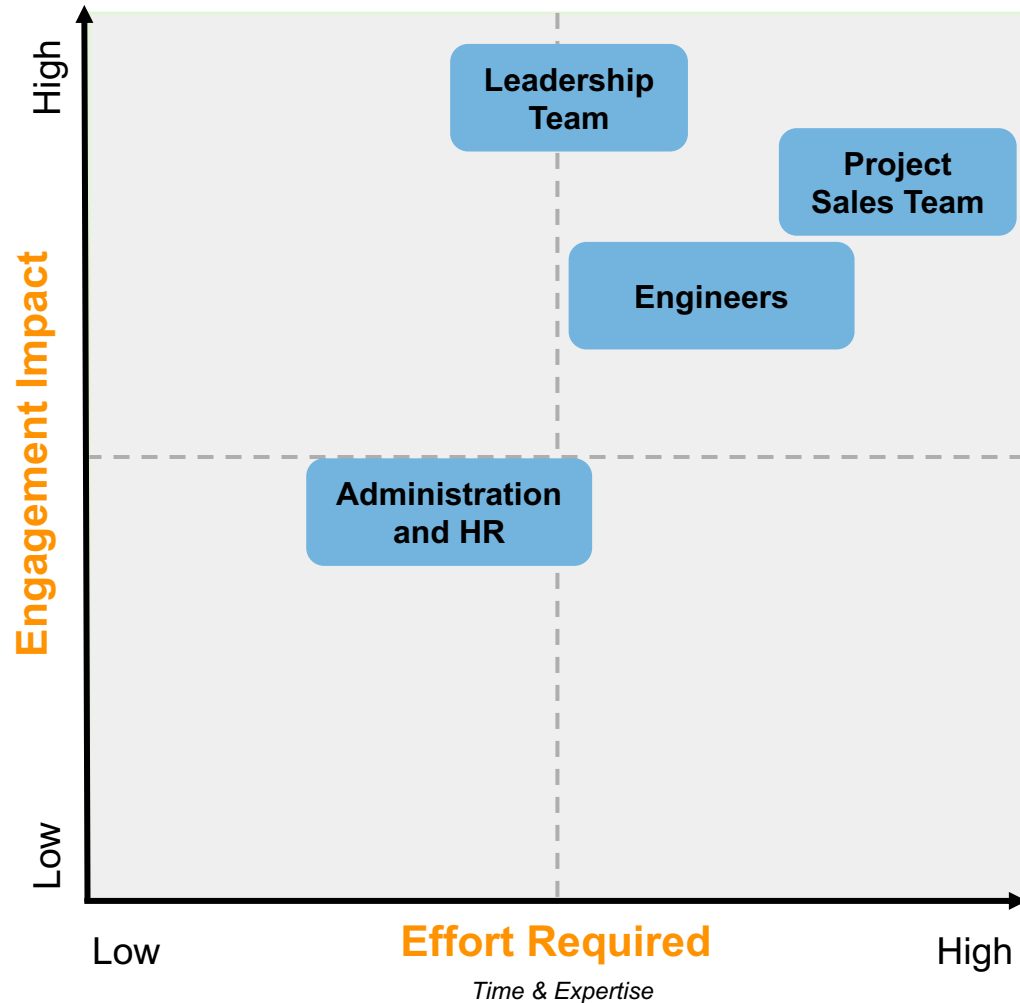
Source: Korn Ferry

Tools to Address Pain Points for Engineers

Execution	☹	😐	🙂
Reliability	☹	😐	🙂
Time-Management	☹	😐	🙂
Service Level	☹	😐	🙂
Overall Satisfaction	☹	😐	🙂

Surveying customers on the new model in order to provide facts to engineers

Business to People Model

8 DECENT WORK AND ECONOMIC GROWTH — **Promote Sustained Growth**

12 RESPONSIBLE CONSUMPTION AND PRODUCTION — **Empowering More Companies To Do Better**

Renew Value Proposition

Showcasing The Real Value of Traceability

Incremental Value Comprehensive Model

Additional Gross Profit	**Cost Savings**

Additional Units / Time Metric

X

Productivity

X

Operational Time Metric / Year

+

Total Units / Year

Quality

Additional Price Increase

-

Transparency

Hours of Production Saved / Employee

X

Efficiency

X

Number of Employees

+

Cost of unit

Reliability

Number of Reduced Wasted Units

-

Transparency

+

Showcasing The Real Value of Traceability

CODE IT®

Incremental Value Comprehensive Model

Additional Gross Profit		Cost Savings

Additional Gross Profit

Additional Units / Time Metric

X

Productivity

X

Operational Time Metric / Year

+

Total Units / Year

Quality

Additional Price Increase

-

~~Cost of Additional Units~~ ***Transparency***

+

Cost Savings

Hours of Production Saved / Employee

X

Efficiency

X

Number of Employees

+

Cost of unit

Reliability

Number of Reduced Wasted Units

-

~~Incremental Production Costs~~ ***Transparency***

CodeIT isn't a cost center, it's a **revenue driver**

Incremental Value

-

CodeIT Contracts

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Additional Value to Customer

Analysis | **Project Phoenix** | Impacts | Taking Flight

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Adding on The Extrinsic Value to Seize Full Potential

CODE IT®

Intrinsic Value...

...Added to Extrinsic Value

CodeIT isn't a cost center, it's a
revenue driver

Incremental Value

-

CodeIT Contracts

Intrinsic value

What is the most important feature for executives?

%	Feature
3%	✓ New Business Models
10%	✓ Security
10%	✓ Resiliency
12%	✓ Sustainability
12%	✓ Efficiency
15%	✓ Customer Engagement
18%	✓ Reliability
20%	✓ Regulatory and Compliance
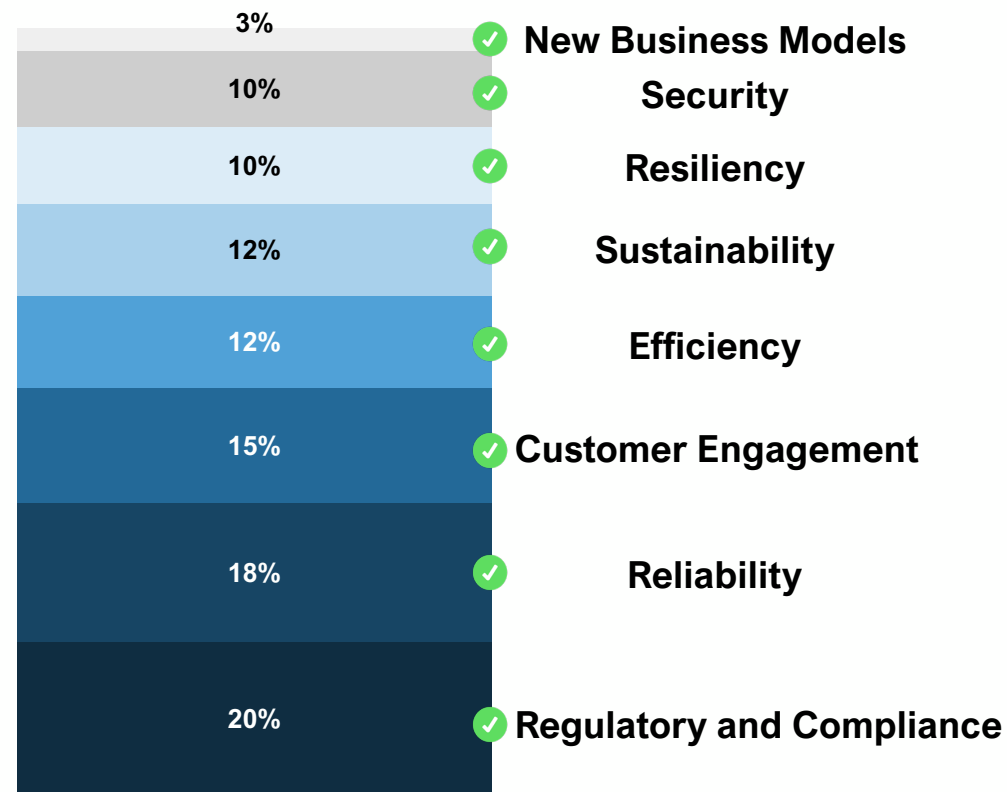
CodeIT Offering

- Personalization
- User-friendliness
- Direct-to-Customer Support
- State-of-the-Art Technology
- High Standards

Adding on the Extrinsic Value to Seize Full Value

Intrinsic Value...

...Added to Extrinsic Value

CodeIT isn't a cost center, it's a revenue driver

What is the most important feature for executives?

Incremental Value

Traceability *is* anchored *in* executives' priorities

CodeIT Got You Covered

CodeIT's positionning* enables it to *leverage its superior product offering and further increase the value proposition to customers

3% New Business Models

10% Security

10% Resiliency

Personnalization

Automation

12% Efficiency

User-freindliness

CodeIT Contracts

15% ✓ Customer Engagement

Direct-to-Customer Support

18% ✓ Reliability

State-of-the-Art Technology

Intrinsic value

20% ✓ Regulatory and Compliance

High Standards

Soar With Customers

The 3 Cs of Client Retention

CODE IT®

How to **C**onstruct the Message

Keeping Authenticity at Core

Call it a **price increase**, not a change or an adjustment

Explain the reason for the price increase

Link the price increase to a customer-centric value

How to **C**onvey

Online or in-person meeting

email

Phone call

How to **C**onvince

Better solutions and innovation growth

Showcasing the real value of traceability

Modular quality service

Acquiring a customer is **5% - 25%** more expensive than retaining an existing one

Personalization is key to maintain a good customer relation and maximize client retention

Source: Harvard Business Review, ROI Advisers

What Happens to Retention When Price Increases?

CODE IT ®

1. Negative reactions expected?
Negative **backlash**, customers **complaints** and **loss** of clientele

2. Positive outcomes expected?
Research shows increase in a company's revenue, customer base, and profit **as long as great value is offered**

3. Price sensitivity
A 1% increase in high-end product price often results in a 1,8% loss in customers. **High-end personnalization customers are less price-sensitive**.

4. CodeIT's expected loss
CodeIT can expect an 8% loss of clientele, accounting for **5 customers**

5. How to mitigate?
- Personalization
- Excellent loyalty
- Strategic ambitions

What Happens to Retention When Price Increases?

1. Negative reactions expected?
Negative backlash, customers complaints and

How do we keep our reputation?

By offering an **exit plan** to our customer that do not wish to adopt our new business model

5. How to mitigate?
- Personalization
- Excellent loyalty
- Strategic ambitions

3. Price sensitivity
A 1% increase in high-end product price often results in a 1,8% loss in customers. High-end customers are less price-sensitive.

Source: ROI Advisers

Fill the Gaps With New Client Acquisitions

Target: Small Businesses
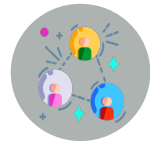
Meaningful customer relationship

Coherent to value proposition

CodeIT can have a bigger impact
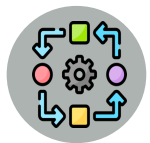
Collaborative relationship

Message

Greater **quality** which increases the potential selling price for customers

Superior supply chain **efficiency**

World class **customer service** and **R&D**

Outreach

Contact **Decision Makers** in the Food, Fish, Industry and Wood verticals on LinkedIn

Cold Calling

Attend IT, production management and supply chain optimization **conferences**

Focusing on acquiring small businesses is coherent to CodeIT's vision of business

3. Impacts

A Few Risks to Keep in Mind

	RISK	IMPACT	MITIGATION
1	**Overestimation** of existing customers' **willingness to pay**	**Increased churn rate** and **pressures** on the number of **new projects**	**Tailored** sales approach to **maximize customer retention**
2	**Loss of employees**	**Reduction of capacity to deliver projects**	**Solid employee-centric approach**
3	**Slower customer transition than expected**	**Pressures on cash flow and annual revenue**	Sales professional **trainings** and **state-of-art product offering**

IMPACT

	Low	Medium	High
High			
Medium	3 1		
Low		2	

Probability

Risk level: ▇ Low   ▇ Medium   ▇ High

Analysis   Project Phoenix   **Impacts**   Taking Flight
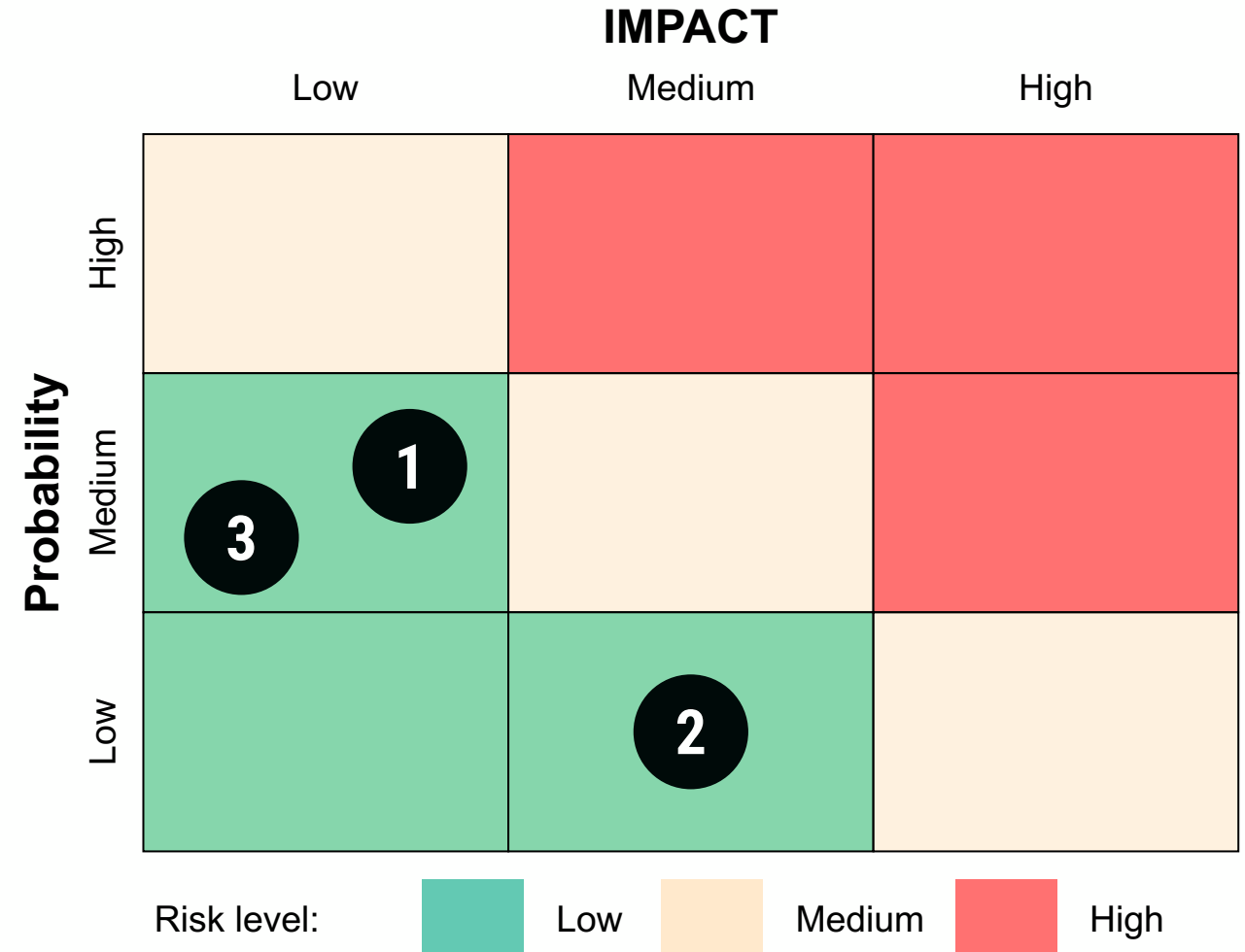
Guidelines For a Successful Transition

Guiding Principles	KPI	Target	KSF
Maintain customer base	Net new customers	5 to 6 per year	Sales professional training
Increase revenue opportunities	Number of projects	>35 with 1 to 2 additional per year	Sales professional efficiency
Increase cash flow stability	% ARR to total revenue	>=50%	Customer willingness to pay
Ensure good internal transition	Employee satisfaction	>=80% rate of satisfaction	Employee survey

Following these guiding principles should foster growth and ensure a sustainable transition to ARR

Source: Team Insights

Financial Forecasts

5-Year Revenue Projections

(In NOK)

283.2M

95.7M

160M ARR

2022

2027E
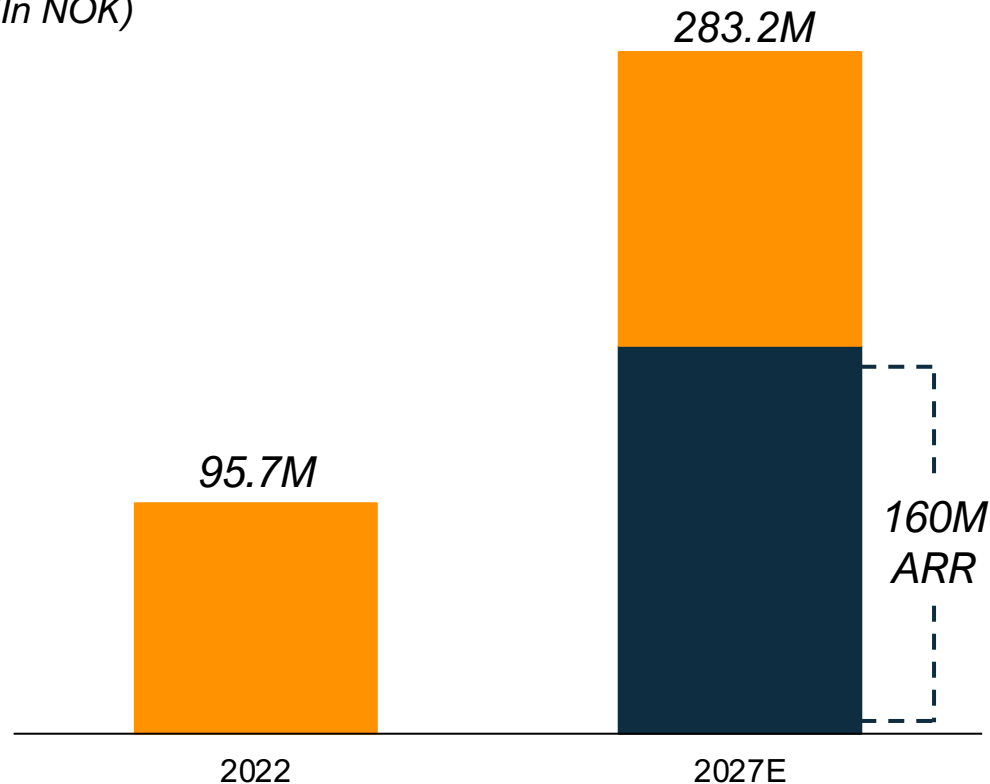
Model Takeaways and Assumptions

27.8M   **Year 1 Annual Recurring Revenue**

24.2%   **Year 1 % of Recurring/Total Revenue**
(Fast and simple transition to ARR model)

Key Assumptions

- **2 additional number of projects year-over-year**

- **5 to 8 net new customers per annum from 2024 to 2027**

- **1.5M NOK average quote per project** (2% growth YoY)

- **55% CAGR of ARR from 2023 to 2027**

Based on our top-down approach, CodeIT should achieve its 2022 2-3x turnover target by 2027

Source: CodeIT, Team Insights

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Financial Forecasts

5-Year Earnings and Profit Margin Projections

(In NOK)

| 5.5% | 8.7% | 10.7% | 12.0% | 12.9% | 13.5% |

38.2M

30.2M

23.1M

16.3M

10M

5.3M

| 2022 | 2023E | 2024E | 2025E | 2026E | 2027E |

Model Takeaways and Assumptions

48.6% **Earnings CAGR**
(Additional capital for R&D and product innovation)

Key Assumptions

- **5.5% Earnings on project quotes and additional services**

- **20% Earnings on ARR** (Based on peers average)

Healthy earnings growth combined with improving margins leave ample margin for R&D spending and world-class customer support

Source: CodeIT, Team Insights

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| Analysis | Project Phoenix | **Impacts** | Taking Flight |

Financial Forecasts

5-Year Earnings and Profit Margin Projections

Model Takeaways and Assumptions

(In NOK)

| 5.5% | 8.7% | 10.7% | 12.0% | 12.9% | 13.5% |

48.6% **Earnings CAGR**
(Additional capital for R&D and product innovation)

The Key to World-Class Customer Offering

Leverage earnings to:

1) Develop **state-of-the-art** customer-driven solutions

2) Ensure **stability of operations** for life-long customers

| 2022 | 2023E | 2024E | 2025E | 2026E | 2027E |

Healthy earnings growth combined with improving margins leave ample margin for R&D spending and world-class customer support

Source: CodeIT, Team Insights

Implementing Project Phoenix

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Months	2	4	6	8	10	12
Company-Wide Meeting to Present the Transition	X					
Sales Strategy						
Sales Professionals Training	X		X			
Existing Client Calls & Follow Through About New ARR Model	X	X				
New Client Prospection & Lead Creation			X	X	X	X
Salesteam Sync		X		X		X
Internal Change Management						
Assemble a Change Committee	X					
Coaching for Engineers and Sales Professionals	X	X	X		X	

Existing customers' conversion completed

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Analysis | Project Phoenix | **Impacts** | Taking Flight

CODE IT®

Months			2	4	6	8	10	12
Company-Wide Meeting to Present the Transition								

The *Tomorrow Thing* To Do

Assemble a **Change Committee**

Align **executive team** on the course of action and get them to endorse the transition

Prepare **coaching and training material** for employees

Constant communication loop with the BoD

Assemble a Change Committee

Coaching for Engineers and Sales Professionals

Source: Team Insights

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Analysis   Project Phoenix   **Impacts**   Taking Flight

4. Taking Flight

What Is CodeIT's True North?

Guiding Aspiration:

« Freedom To Operate »

Vision:

| Looking for a Challenge | Hoping to Disrupt | Leaving an Impact |

Levers of action:

| *Helping* | Vs. | Painting into a corner |
| *Collaborating* | | Constricting |

Source: CodeIT

Sky's The Limit In HealthTech

15% *CAGR per annum in the «increase in operational efficiency» value pool in the healthtech industry*

$26B US *Estimated market size of increases in operational efficiency in 2019*

Already a Foot in The Door….

FRESENIUS KABI   Abbott   GE Healthcare

Realizing Your Vision

Looking for a Challenge

Solidifying your presence in the big competitors' playing field…

Leaving an Impact

…and freeing companies by giving them back their lost flexibility and agility;

their freedom to operate

Source: McKinsey

Executive Summary

CODE IT®

GOAL	KEY CONSIDERATIONS	RECOMMENDATION	IMPACTS
Guide CodeIT through a **swift transition** to an **ARR** business model	**Reconcile** the **new** revenue model with **existing** customers' expectations Attract **new** customers with a fresh **sales strategy** Effectively manage **change within the organization**	***Project Phoenix*** 1. **Ignite** enthusiasm within employees 2. **Renew** value proposition communication 3. **Soar** with customers	**Retain 92%** of customers during the twelve months of transition **Successful** internal transition and **employee retention** **160M Nok** in annual recurring revenue in 2027

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Project Phoenix Overview

Objective

Guide CodeIT Through a Swift Transition to an ARR Business Model

What?

Ignite	Renew	Soar

How?
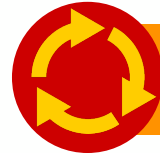
Present the new ARR model to employees, especially to the engineers

Properly **communicating your value proposition** to new and existing customers

Transitioning your **existing** customers to the new model and **introducing new** customers

KPI's

- **% ARR to total revenue**

- **Employee retention**

- **Net new customers**
- **Number of projects**

Appendix

Appendix Menu

CodeIT Offers an Ideal Solution to Its Customers

Avoided Pains

Disjoints between systems, equipment and processes

Diverse platforms can lead to multiple human errors

Poor insight collection from their data

Current Drivers

Offers a competitive advantage

User-friendly

Flexible and innovative

Fits strict quality constraints and UN goals

CodeIT knows how to address its customer's pain while creating competitive advantage

Industry 5.0 and Scalability

The Three Pillars of Industry 5.0
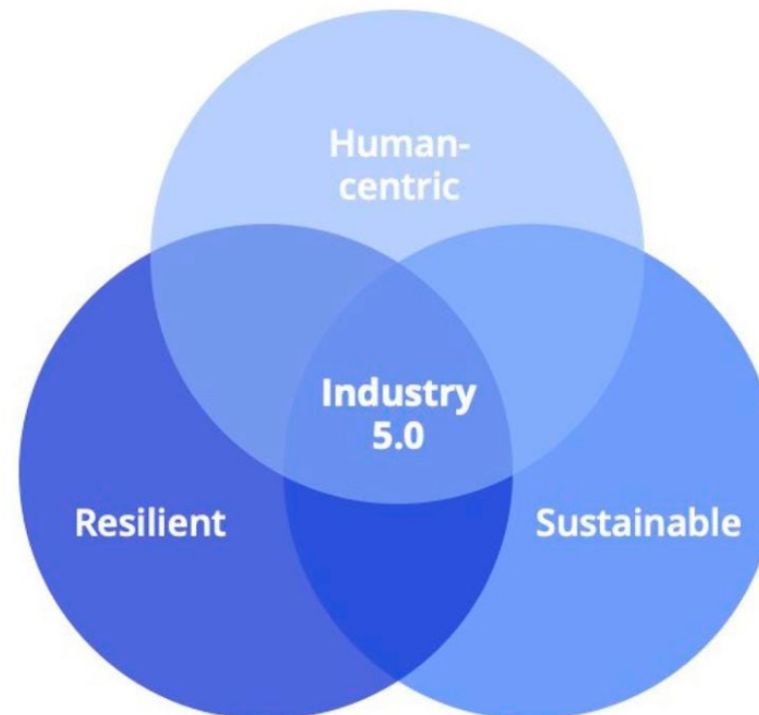
Main Stakeholders
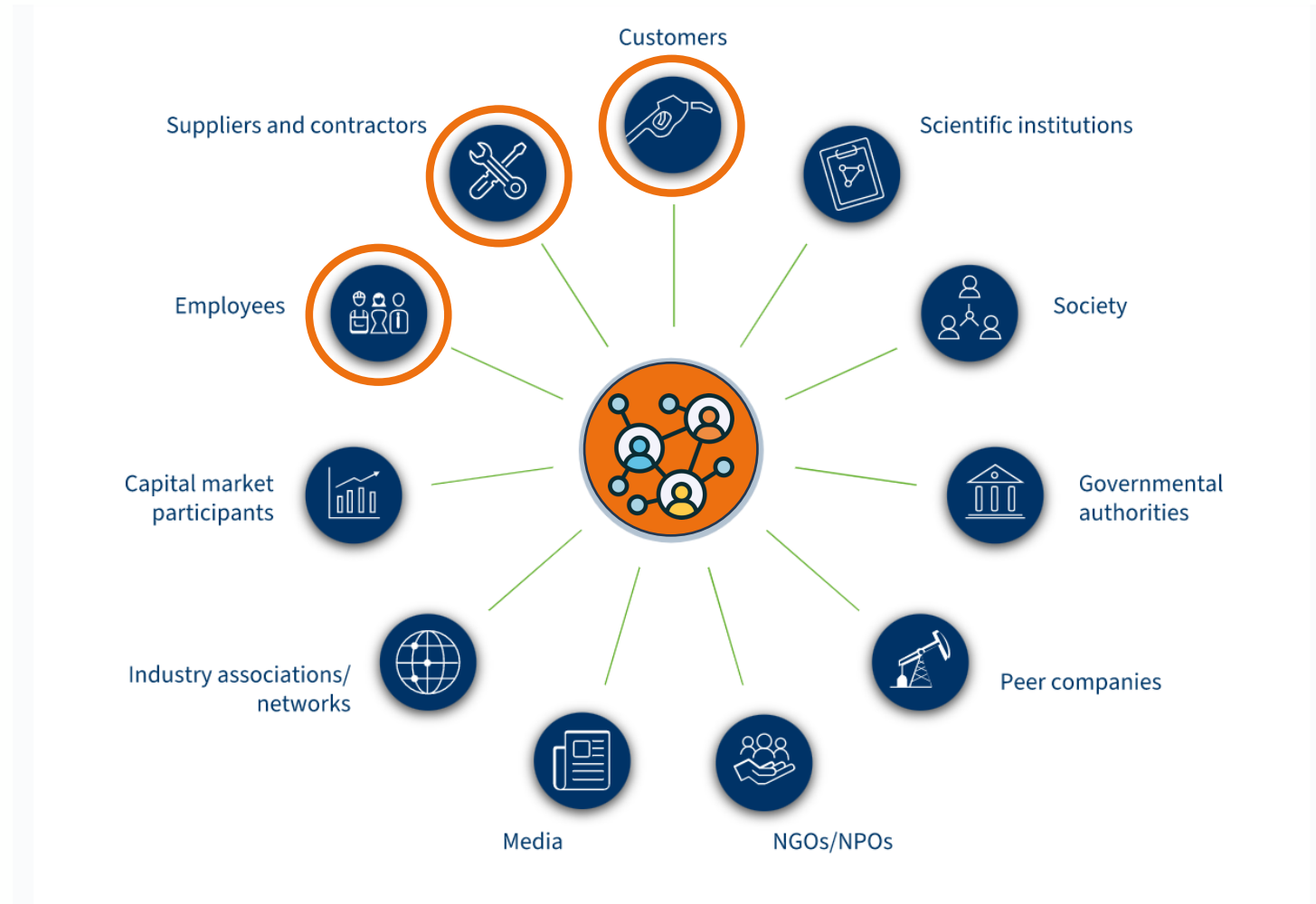
CodeIT's Flow of Information
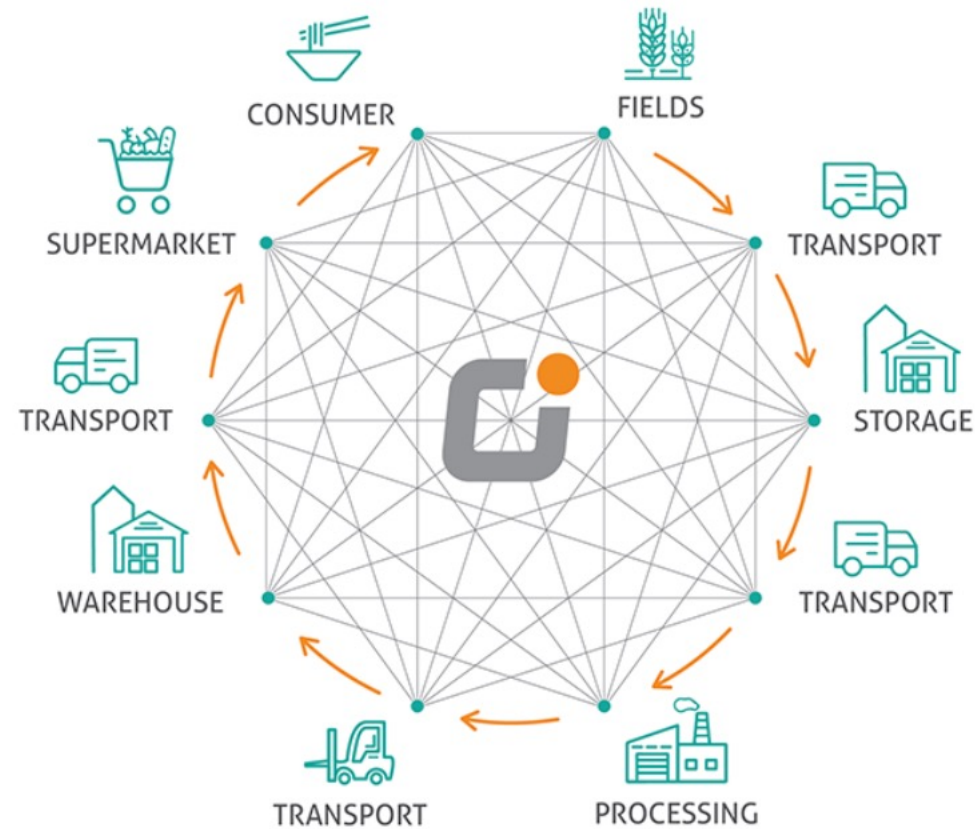
True North's Perception of Your Main Values
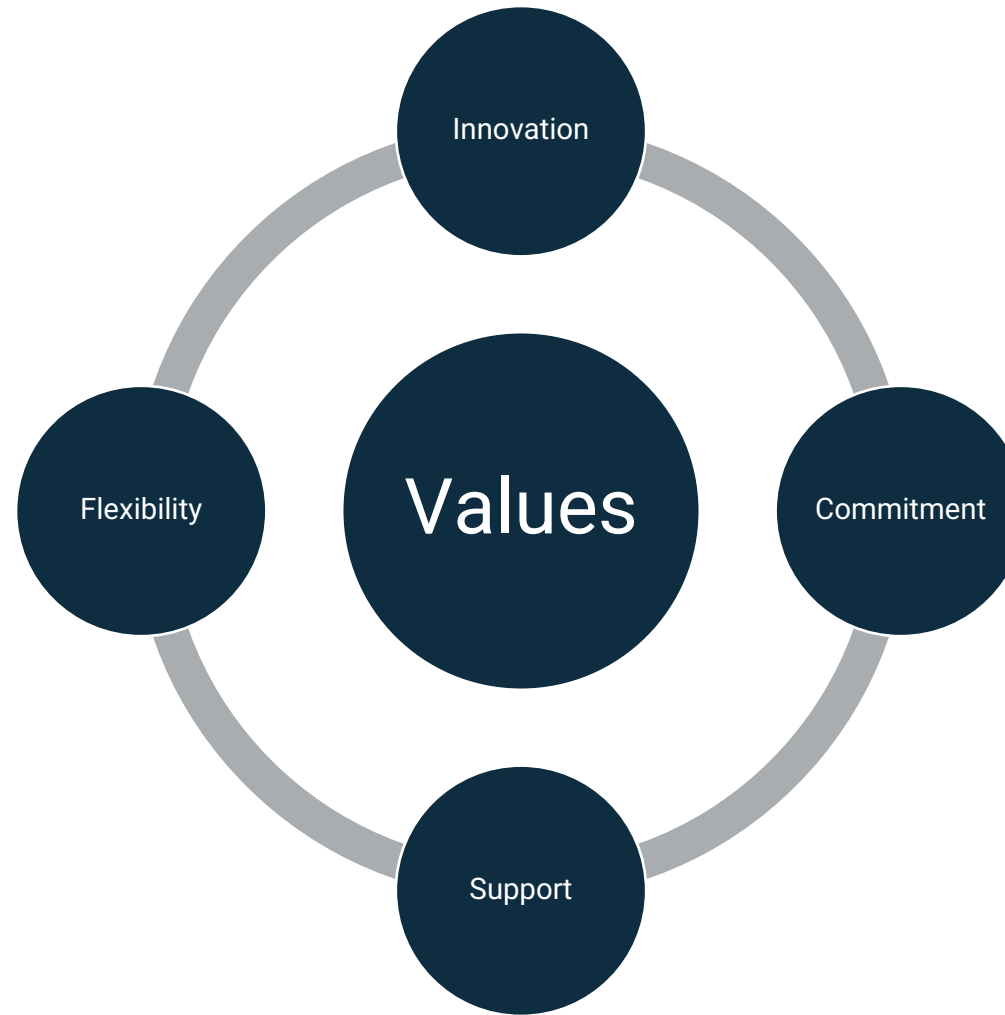
CodeIT's Code of Conduct

5. Prices.

CodeIT reserves the right to adjust its prices without prior notice for deliveries not defined in the contract. Price adjustment will normally be made in the event of significant changes in exchange rates. Or an assessment of a lasting change in the general cost level. All prices in our descriptions and offers are stated ex. VAT, minimum unit of time is 0.5 hours.

6. Terms of Payment.

Consulting services are invoiced in advance to an account with settlement after the project has been completed.
Technical services are invoiced continuously per hour and are considered delivered on the date the service is performed. When services are provided during installation or in a project, the invoicing interval is in arrears with an interval of 2 weeks.

7. Date of Payment.

Our payment terms in addition to contractual delivery or annual agreements are net 30 days after delivery.

8. Changes and cancellations.

CodeIT reserves the right to make errors in sales materials, on websites and in advertisements and may unilaterally reject or delete orders and orders based on such errors. This requires that it is done in a reasonable time after the buyer has ordered the item.
When an order is confirmed through order confirmation or activated access, changes or cancellations by the customer may result in costs to be covered by the customer. Any changes / cancellations must be made in writing and CodeIT must as soon as possible and within 10 working days confirm and, if necessary, submit a claim for cost recovery.

Source: CodeIt

Business Model Canva

The Business Model Canvas

Designed for: | Designed by: | Date: | Version:

Key Partners 🔗
Datalogic
Ellco Etikett
Evolabel
GS1
iimak
Microsoft Azure
Omron
Sato
Unisot
Zanasi
Baader
Ink Service
Pan Pac
Nermans
Good Tech
Woodtech

Key Activities ✔
Coding
Information flow
Automation and digitalization
Labelling, marking, tagging
Industrial automation

Key Resources 🏭
Technologies
Employés
Intellectual property

Value Propositions 🎁
Flexibility
Traceability
Scalability
Reliability
User-Friendly interface
Cost efficiency
Report accuracy
Real-Time dashbord

Customer Relationships ❤
High quality customer service
« Friends »

Channels 🚚
B2B
Direct sales

Customer Segments 👁
Food
Fish
Wood
Industry
Medical

Cost Structure 🏷
Salaries and Retention bonuses
Technologie development

Revenue Streams 💰
Annual services (fixed price): SMA, SLA, 24/7 service
Services by hourly rate: ad-hoc support, project deployment installation and training

Strategyzer
strategyzer.com

Where Does CodeIT Stands in Terms of Client Satisfaction?

Customer Satisfaction	Deliver the Goods	Efficient & Reliable	Product Quality	Issue Resolution
Customer Ease	Faster Delivery & Reduced Wait	Effortlessly Order, Invoice & Bill	Ease of Product Receipt & Use	Ease of Issue Resolution
Customer Enablement	Reduce Customer Errors	Collaborate to Simplify Processes	Innovate for Growth	Customize Offering

Source: Gartner Supply Chain Research

Gartner.

CodeIT's customers are categorized as "Customer Enablement" which means that they are likely to be more loyal

Bain – Traceability Hype Cycle

How traceability programs mature

Breakdown of respondents by current stage of their traceability program

Establishing strategy — 22%

Exploring proof of value, and starting to pilot — 36%

Scaling discrete application areas, or building adjacent ones — 27%

Capturing value at scale across multiple application areas — 10%

Capability becomes the industry standard — 5%
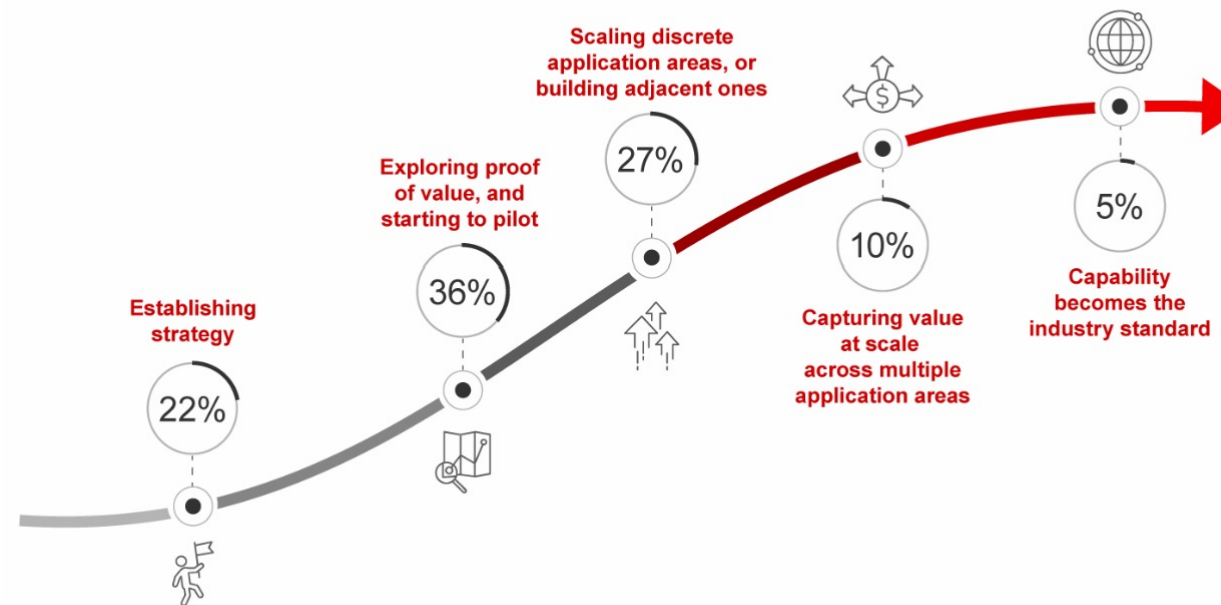
Source: Bain 2021 Global State of Traceability Survey (N=153)

State-Of-Art Has Value

Figure 2

Executives' top goals for traceability initiatives
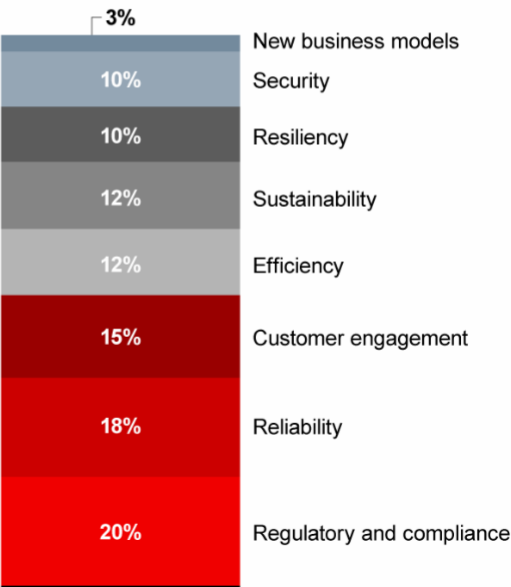
Percentage breakdown of respondents to the question

What is the most important outcome your company wants from traceability?

Percentage	Category
3%	New business models
10%	Security
10%	Resiliency
12%	Sustainability
12%	Efficiency
15%	Customer engagement
18%	Reliability
20%	Regulatory and compliance

Change in SMB: How to succeed

According to "Build in Chicago Organisation"

What to avoid	Key success factors
Wait to long to communicate	You have a culture to leverage
Overwhelm your staff with information	You have a change committee that will smooth the transition
Failing to focus on benefit	Assess results during the process

Assembling a Change Committee

People Onboard
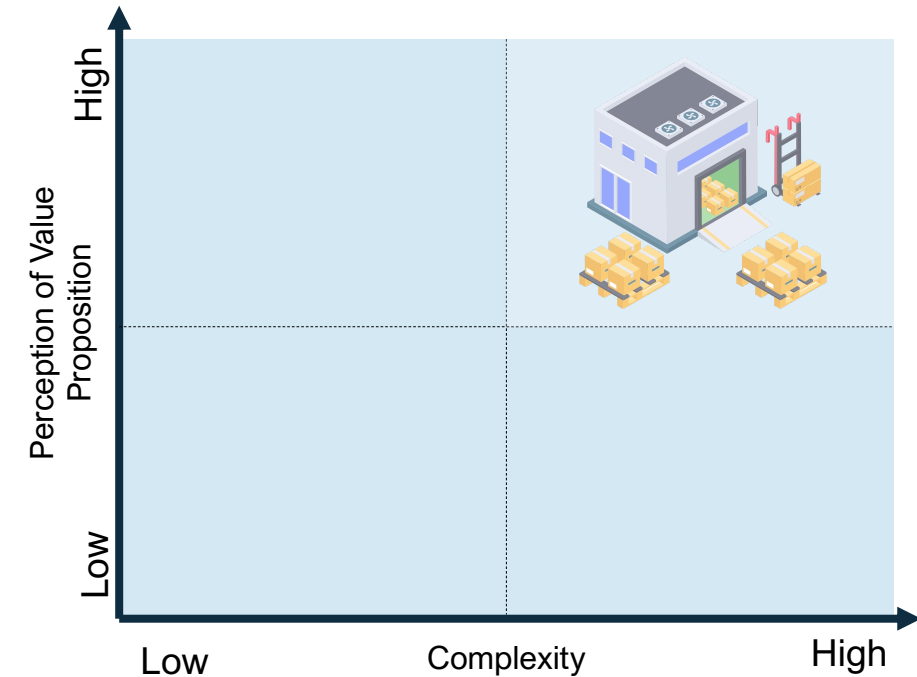
Change Control Center

Representative Feedback

Management

Human Ressources

Employees from different teams

Make Adjustments

Provide insights on employee's adherence to change

Planning the First Call to Customer

Showcasing leadership through courage to act

High

Low

Perception of Value Proposition

Low   Complexity   High

Targeting a customer that CodeIT is sure to keep in the new ARR model in order to drive a beacon of hope

How to Better Assess Willingness to Pay in B2B

"50% of B2B transactions are underpriced, leaving money on the table, while 20% are overpriced" - LinkedIn

✅	*Use Transaction data*	• These data provide you with different WTP under difference circumstances. It is intelligent, omnipresent, cheap as well as always up to date.
✅	*Vickrey Auction*	• The highest bidder wins, but the price is the second-highest. It gives an incentive to bid your true value price WTP.
❌	*Surveys*	• The company already knows how much customers were willing to pay at a certain time for a certain price. Therefore, there is no point in paying to know what will happen in the future

Willingness to Pay of End-Users for Traceability in Europe

(In US Dollars)

	Country	All relevant information in labelling	Quality seal	Quick response (QR)	Barcode	Graphic	Basic information in labelling
🇪🇸	Spain	4.26	3.69	3.20	3.48	2.76	2.19
🏴󠁧󠁢󠁥󠁮󠁧󠁿	England	4.10	3.91	3.34	3.31	2.72	2.28
🇵🇹	Portugal	4.31	3.70	3.15	3.56	2.74	2.13
🇫🇷	France	4.28	3.60	3.32	3.32	2.86	2.16
🇩🇪	Germany	4.16	3.65	3.40	3.29	2.74	2.26
	Average	4.22	3.71	3.28	3.39	2.76	2.20

(n=2075)

Close.io Case Study

The CRM built for growth

Try Close   See Demo
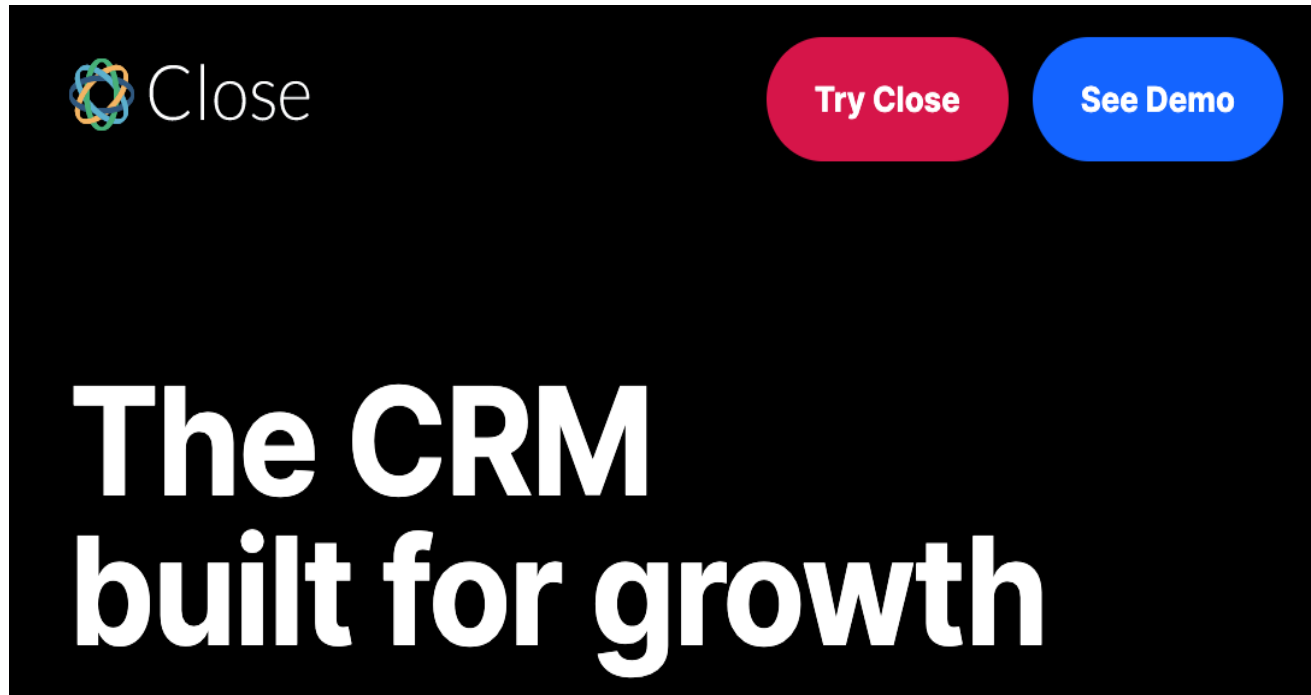
"When we raised pricing, our conversion rates remained stable, our clients remained satisfied, and we saw a significant rise in paid seats." According to CEO Steli Efti

What	A company that successfully increased price
Impact	Customer Lifetime Value increased by 10%
How	Honest and straightforward
How	Inform the time of the increase

Appendix

Relation Between Price Increase and Customer Happiness

CHANGING SENTIMENT WITH CHANGING PRICING

Comparing % Price Increase to Customer Happiness

Customers are far happier with small, frequent pricing changes.

Customers are happier with frequent but rather small price increases

Establishing Which Segment to Focus On

	Small Customer	Big Customer
Dependency	5/5	2/5
Relation	5/5	2/5
Impact	4/5	4/5
Sales Approach	3/5	4/5
Value Proposition	5/5	3/5
	4.6/5	3/5

Exemple of Message to Existing Customers

Price Increase at CodeIT

Dear Valuable Customer,

I am writing to you as we have decided to provide a modular quality service and more advanced technological features that are beyond the current market average. However, in order to be able to offer the previously stated advantages, we had to implement a fixed annual fee based on licenses and maintenance.

I am truly sorry for this inconvenience, but this is needed in order for CodeIT to offer the same quality services.

Please note that if our new fees and services do not fit your needs anymore, we will gladly offer you an exit plan to help you in your software transition.
I am available for any questions, and I can gladly schedule a meeting if you wish to talk about it in person.

Thank you for your understanding,
Best regards

Existing Customers – Communication Channels
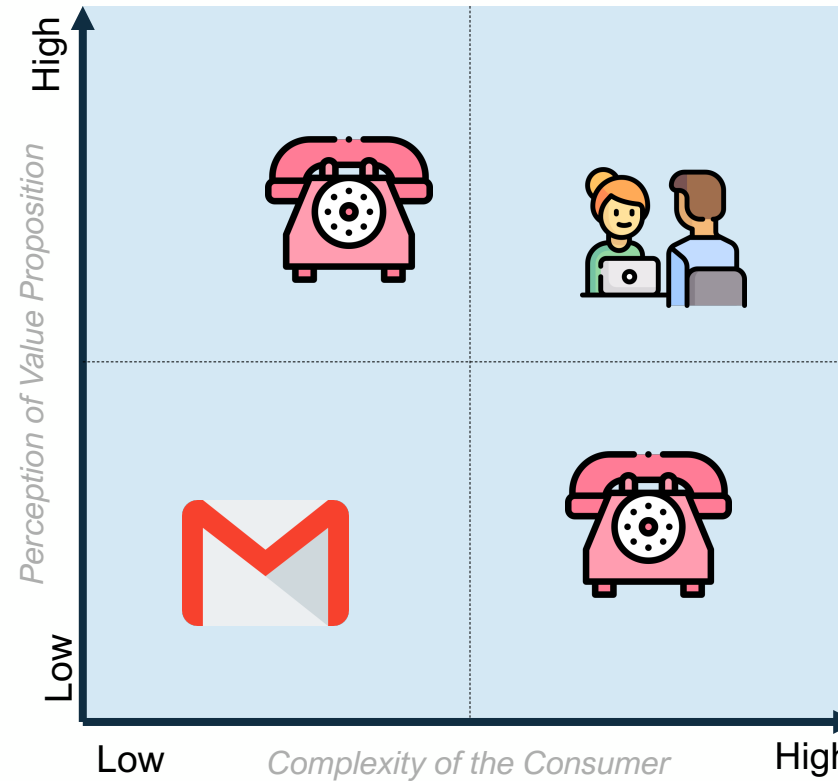
The more complex the consumer is and the more acknowledged our value proposition is by it, the more personalized the approach should be

Existing Client – Exit Plan

Objectives	Initiatives
Maintain reputation	CodeIT has always served its client fairly and with great intentions. Tackless interactions could tarnish years of dedicated service.
Ensure smooth transition	CodeIT will offer to its client to maintain license agreement for the next 12 months at the same rate. The Aim is to limit impact on client by allowing time to find new partner.
Professional respect towards customers	Offering its customers an exit plan is also a sign of respect to its existing customers and to the journey they have travelled together.

Exemple of Message to New Customers

Business Proposal from CodeIT

Dear (X)
Let me introduce myself, Jane Doe, Sales Representative at CodeIT.
How are you?

I am reaching out to you as I think one of our products, CodeIt
Enterprise, could fit your needs as a Decision maker at Company X.
This solution is hardware brand independent and can virtually
integrate any service you are currently doing business with. CodeIT
Enterprise is flexible and offers traceability to all your products.
I would love to meet you to explain more about how our product can
save you from human errors.

At CodeIT, we aim to help companies do better everyday in all their
practices.
If this interests you, please fill out this calendar to provide me with
your availability for a short online meeting.

Best Regards,
Jane Doe

Reaching Out to Customers
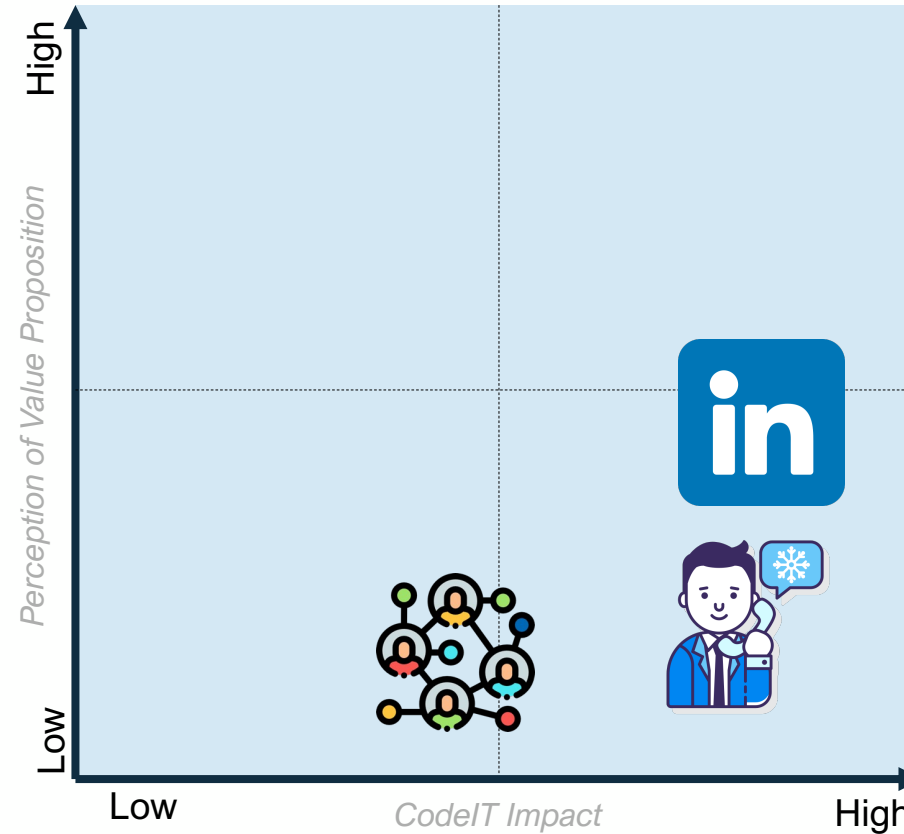
The more impactful CodeIT can be to the potential customers and the more likely it is to perceive value in our offer, the more direct our approach should be

Revenue Schedule

Revenue Schedule										
(In M of NOK)		*Assumptions*					*Assumptions*			
Fiscal Year	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E
CodeIT eDoc										
Revenue	-	-	-	4.2	4.8	5.5	7.2	9.2	11.2	13.5	*5% of revenue*
CodeIT Enterprise										
Number of Projects	23	25	28	32	35	37	39	41	43	46
Avg. All-in-one price	2.5	2.6	2.5	2.5	2.6	-	-	-	-	-
Clients	40	46	51	56	60	58	63	69	76	84
Project/Client	0.58	0.54	0.55	0.57	0.58	0.64	0.62	0.59	0.57	0.55	*Historical average*
Avg. Quote/project	-	-	-	-	-	1.5	1.5	1.6	1.6	1.6	*2% CAGR*
Deployment/Ad-hoc Support	-	-	-	-	-	16.7	17.9	19.2	20.5	22.4	*30% of project quote*
Change Request	-	-	-	-	-	9.3	9.8	10.3	10.8	11.5	*500K/project in 2 years*
SMA Fee	-	-	-	-	-	11.1	23.0	35.8	49.5	64.5
SLA Fee	-	-	-	-	-	16.7	34.6	53.7	74.3	96.7
Project Revenue	58.3	65.1	70.0	78.9	90.9	81.4	87.3	93.4	99.7	108.6
Annual Recurring Revenue	-	-	-	-	-	27.8	57.6	89.6	123.8	161.1
Revenue	58.3	65.1	70.0	78.9	90.9	109.2	144.9	183.0	223.5	269.7
Total Revenue	**58.3**	**65.1**	**70.0**	**83.0**	**95.7**	**114.6**	**152.2**	**192.2**	**234.7**	**283.2**	*In-line with target*

Income Statement & Client Schedule

Income Statement

(In M of NOK)		Assumptions					Assumptions					
Fiscal Year	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E		
Revenue	58.3	65.1	70.0	83.0	95.7	114.6	152.2	192.2	234.7	283.2		
Total blended costs	55.1	61.5	66.2	78.4	90.4	104.6	135.8	169.1	204.5	245.0		
Profit	3.2	3.6	3.9	4.6	5.3	10.0	16.3	23.1	30.2	38.2	5.5%	Earnings on Projects
Profit Margin	*5.5%*	*5.5%*	*5.5%*	*5.5%*	*5.5%*	*8.7%*	*10.7%*	*12.0%*	*12.9%*	*13.5%*	*20%*	*Earnings on ARR*

Customer Schedule

Fiscal Year	2022	Assumptions				
		2023E	2024E	2025E	2026E	2027E
Current Customers	60	55	58	63	69	76
New Customers	0	3	5	6	7	8
Total Customers	60	58	63	69	76	84

Scenario Analysis: Double Click on The Financials

Scenario Analysis and Potential

(In M of NOK)	**Annual Additional Number of Projects**				
Average Quote per Project in 2023	**0**	**1**	**2**	**3**	**4**
1.3	203.6	225.4	247.1	268.8	290.5
1.4	218.6	241.9	265.1	288.4	311.7
1.5	233.5	258.4	283.2	308.1	332.9
1.6	248.5	274.9	301.3	327.9	354.1
1.7	263.4	291.4	319.4	347.4	375.4

Upside Drivers

- Assumption that avg. quote only grows at 2% CAGR
- Assumption of net reduction of 2 customers in 2023
- Only assuming 1 change request in 2 years per new project
- Not fully factoring small client growth

Downside Drivers

- Return of project/client to historical levels

Sales Strategy Transition Timeline

Months	1	2	3	4	5	6	7	8	9	10	11	12
Sales Strategy												
Meetings with Managers												
Sales Professionals Training												
Existing Client Calls About New ARR												
Follow Through With Existing Clients												
Monitor Existing Client Pipeline												
New Client Prospection & Lead Creation												
Sales Professionals Team Sync												

Existing customers conversion completed

Appendix

Sales Strategy Transition Timeline

Months	1	2	3	4	5	6	7	8	9	10	11	12
Internal Change Strategy												
Assemble Change Committee	■											
Ongoing Feedback & Support Sessions	■	■	■	■	■	■	■	■	■	■	■	■
Training	■											

Sales Strategy Timeline Justification

Sales Strategy

Existing customers
- 2 months training
- 3 first months: calling
- 5 first months: follow-up

New customers acquisition
- 2 months training starting month 5
- 6 months of customers prospecting and lead creation

Justification

- We already have a relation with these customers
- There is an important quantity of customers and personalized approach takes time

- We will have more work to do to get these customers in as they do not know our value proposition. On average, salespeople spend 30-40% of their week prospecting.

Source: ProSales Connection

Expected Benefits of Project Phoenix

CODE IT®

	Improve latter	Comprehensible Client Approach	Keep Employee Satisfaction	Transition to ARR Model
Description	Increasing the volume of new customers every year	Developing a clear communication strategy with a tailored approach	Ensure a swift and flexible transition to ARR business model	Ensure a swift and flexible transition to ARR business model
Expected Results	Reach a total of 24 net new customers by 2027	Only expecting 8.3% customers leaving on 2023	No employee leaving the company because of the transition	Achieve above 50% ARR/total revenue by 2027

We expect every employee and customer to be on-board within the new business model in next 12 months, paving the way to a new chapter for CodeIT.

Where in Medical?

Norway

Medical **Instruments** & **Equipment**

The total Norwegian market for medical and dental equipment and supplies is over **USD2B**

The Medical segment in Norway is expected to grow by **8.27%** (2022-2027)

Source: International Trade Administration, Statista

Fast Forward: Potential Clients

Medical Equipment Norway

AS VI LEVERER

CODAN

Nine Healthcares Value Pools are Ripe for Technological Innovation

Research and development

Enhance drug R&D process

Artificial-intelligence and machine-learning drug discovery, siteless trials, protocol optimization, trial site operations, and patient engagement **1**

Screening and diagnosis

Intercept diseases through screening

Genomics and omics **3**

Finance and operations

Optimize the financial model

Value-based care arrangements, population health management, benefits administration **5**

Wellness and disease prevention

Improve wellness and prevent disease

Sleep-tracking, meditation and fitness, and disease-prevention tools **2**

Screening and diagnosis

Identify the right patient

Digital at-home diagnostics

Imaging diagnostics based on artificial intelligence and machine learning **4**

Finance and operations

Increase operational efficiency

Back-office simplifiers (ePrescribe)

Nonclinical workflow support for providers **6**

Care Delivery

Provide more effective therapies

CDS,[1] adherence solutions, disease management, digital therapies,[2] EMR[3] and claims data analysis, ePROs[4] **7**

Care Delivery

Provide remote patient support

Telehealth, remote monit-oring, digital information, digital communities, logistics and care-navigation support **8**

Care Delivery

Supply therapies to patients

Rx onboarding, digital pharmacies, supply-chain solutions for medical supplies **9**

Source: McKinsey

Case Study : Improving Sales

What are the best practices?

Situation
Revenue from an IT company were staggering

Action
Training consisting of forum and practice was issued

Result
For every point invested in training, the company yielded 8 point on operating profits

Takeaway
Training, when taken in **intermittent phases,** is the **most effective of all.**

Source: McKinsey

Actionnable Plan for Engineer Tool

What?	*Numerical survey cards assessing customer satisfaction*
Why?	*To capture feedback during the transition and provide insights to engineers*
To Whom?	*Distributed to existing customers*
When?	*Before and after the transition to ARR model*