

Module 1 Assignment Industry Overview for Danfoss Company

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## Introduction

In this paper, we will go through the XN project sponsor industry “Danfoss” is working in and answer the following questions.

1. What types of products or services do they sell?
2. Who are their competitors?
3. How is the industry changing?
4. What would be keeping awake the CEO of this company at night?

## Part 1: types of products and services offered by Danfoss

According to the company’s official website, Danfoss sells the products shown in graph 1(Case Stories | Read Customer Experiences with Award Winning Technology and Solutions | Danfoss, 2022).

As can be seen, the products are in a wide range, from industrial clutches to smart sensors. The products are categorized into five categories:

- Power Solutions
- Climate Solutions for cooling
- Climate Solutions for heating
- Drives
- Other businesses

## Part 2: Danfoss competitors

A Quick search on Reddit shows Danfoss is a well-known name in the refrigeration industry and also has many competitors that users are suggesting as alternatives to their products. The list of competitors includes but is not limited to the following:

- Invertek Drives (R/Electricians - Can Someone Help with Danfoss VLT Driver?, 2020)
- Liebherr (R/Electricians - Can Someone Help with Danfoss VLT Driver?, 2020)
- Zero Zone (R/Refrigeration - Get Your Shit Together Danfoss!, 2012)
- Hillphoenix (R/Refrigeration - Anybody Got Much Experience with Danfoss ICMT Valves?, 2022)
- Bohn (R/Refrigeration - Danfoss or Bohn, 2019)
- Hawe, Bosch Rexroth (R/Hydraulics - Danfoss PVG 32 vs Hawe Valves, 2022)
- Tado, EQ-3, Eurotronic, Homematic, Aeotec, Saswell (R/Homeassistant - Any Experience with Specific Smart Radiator Thermostats?, 2021)

## Part 3: The changes in the industry

According to the company news, Danfoss is facing decreasing market demand (Brock, 2020). However, one study forecasted a Compound annual growth rate of 4.9% by 2028 (HVAC Drives Market 2022 Future Threats Analysis, CAGR of 4.9%, Top Manufacturers, Trends Demand by Regions and Opportunities with Challenges 2028| 114 Report Pages, 2022). So, in the short term, the company faces a decreasing market, while in the long term, the market is growing. Also, India recently showed interest in moving toward green energy; the PM of India recently had a conference with danish firms, including Danfoss (The Tribune India, 2022). and last but not least, Danfoss is not in a single industry, and the variety of industries ensures that the company keeps growing.

## Part 4: company's concerns

Well, it's clear to everyone that German engineering and design are always considered superior to other alternatives, and Danfoss is in this industry. According to maintenance specialists on Reddit, Danfoss's advantage over german companies is that its products are cheaper than other companies. Also, it's easy to find spare parts for Danfoss products in North America.

Danfoss should try hard to continue having these advantages. Changes in global policies or global pandemics that disrupt the fellow of spare parts can negatively affect the company's fame as a reliable supporter of its products. Also, the recent political agreement between china and Germany could result in german companies opening factories in China where they can produce their product cheaper, and it's less costly for them to ship those products to North America. Also, china itself has become a giant consumer, and Danfoss might lose china's market in the future.

Last but not least, Danfoss is a colossal global distributed company. The main disadvantage of mega-companies is that they are less agile compared to smaller companies; therefore, the threat of the small startup and patent trolls is something the company should always look out for.

# Appendix

Power Solutions	Climate Solutions for cooling	Climate Solutions for heating	Drives	Other businesses
Clutches and brakes	Appliance controls	Burner components	DrivePro Lifecycle Services	High Pressure Pumps
Cylinders	Compressors	Differential pressure and flow controllers	Low voltage drives	Sensing Solutions
Electric converters and machines	Condensing units	Electric Heating	Medium voltage drives	Silicon Power
Electronic controls	Electronic controls	Heat exchangers	Decentral Drives	
Hose, tubing, fittings and connectors	Filter driers and strainers	Hydronic floor heating	System modules	
Hydraulic power units	Heat exchangers	Radiator and room thermostats	Enclosed drives	
Motors	Monitoring and services	Energy transfer stations	Harmonic mitigation	
Pumps	Sensors and transmitters	Valves	Soft starters	
Software	Sight glasses		Gear motors	
Steering	Switches		Software	
Valves and actuators	Valves			

Graph 1

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