



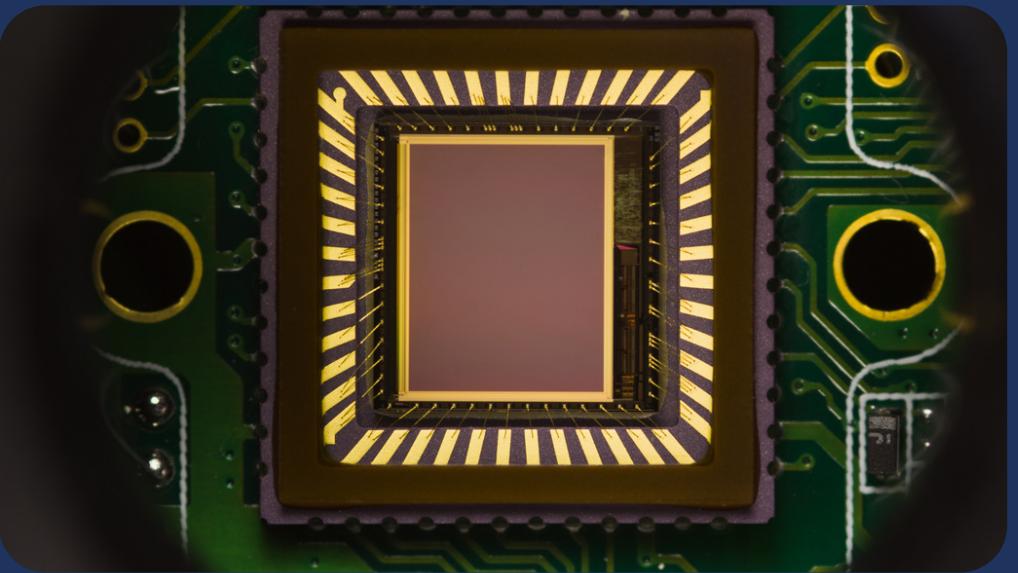
Capsim Top Management Presentation | Industry C129388



UC SANTA BARBARA
Technology Management

Our Vision

Chester's aspiration is to support the development of next generation emerging technology.



Our Mission

Chester's purpose is to provide the most affordable sensors on the market to support emergent technology development.



High-level strategy



We will focus on the lower-end market with our sensors Cake and Cedar, which offer larger-size sensors with an average range of performance. We possess a unique automation process that allows us to price our sensors under market value.



R&D



01 Analyze

Analyze Capsim Courier to see our competitors decisions and use those to inform our decisions

02 Tweak

Alter specs to be closer to the ideal spot offset

03 Revise

Ensure that revision dates allowed us to be able to make decisions for the products next round

What do customers want?

Ideal Spot Offsets

	Pfmn Size	
Traditional	0.0	0.0
Low End	-0.8	+0.8
High End	+1.4	-1.4
Performance	+1.4	-1.0
Size	+1.0	-1.4

How will customers demand shift?

Drift Rates



R&D Goals

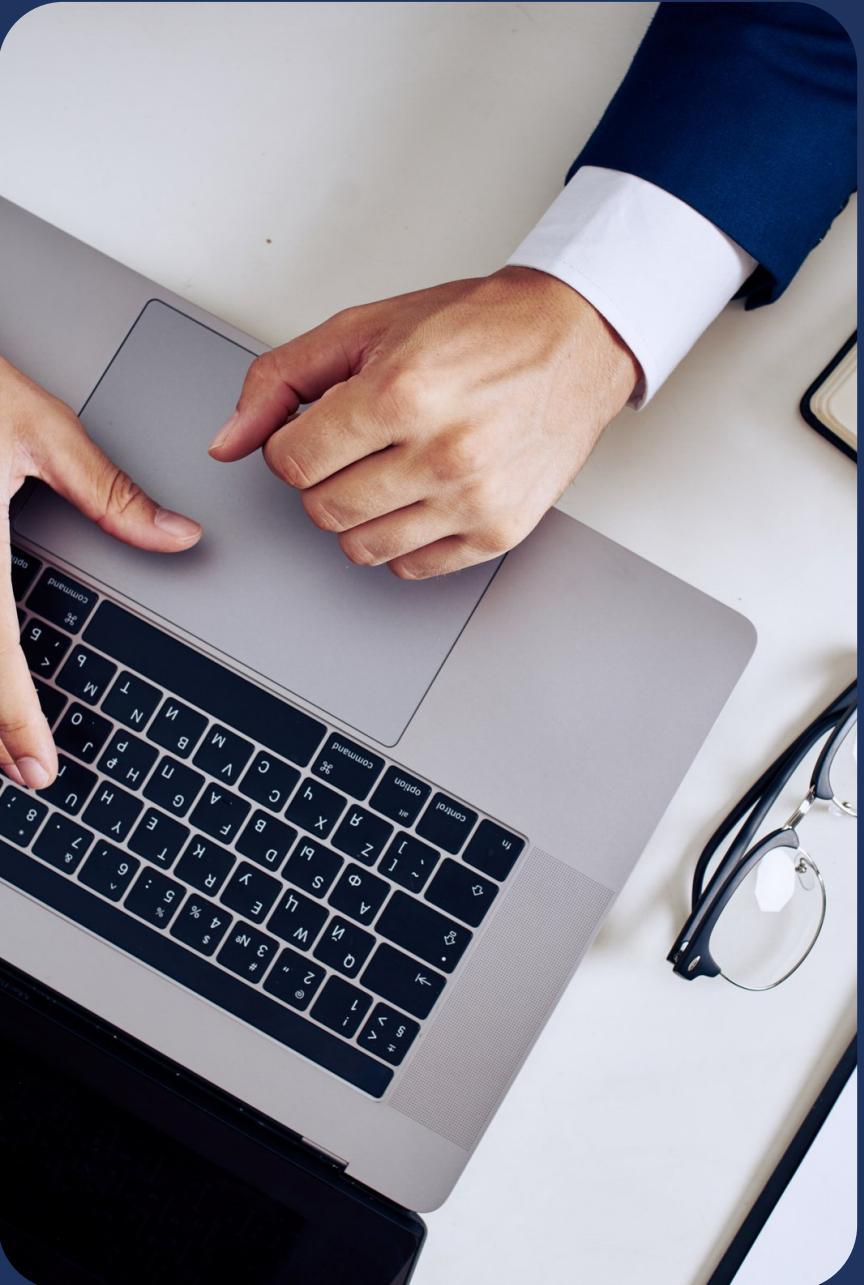
- Make aggressive R&D decisions to increase the age of low & traditional sensors to industry standard by round 3
- Invest less R&D in other segments and allocate funds to low end an traditional

Low End Customer Buying Criteria		
	Expectations	Importance
1. Price	\$12.00 - 22.00	53%
2. Age	Ideal Age = 7.0	24%
3. Ideal Position	Pfmn 4.7 Size 15.3	16%
4. Reliability	MTBF 12000-17000	7%

- Price: Lowest
- Age: Mid-range
- Pfmn: Higher of mid-point
- MTBF: Top 3 Highest

Top Products in Low End Segment									
Name	Market Share	Units		Revision Date	Stock Out	Pfmn Coord	Size Coord	List Price	Age Dec.31
		Sold to Seg	Revision Date						
Cedar	22%	3,862	5/9/2026	YES	3.7	16.0	16.0	\$17.00	16000 2.71

Marketing



Low End Statistics

Total Industry Unit Demand	10,009
Actual Industry Unit Sales	10,009
Segment % of Total Industry	39.0%

Next Year's Segment Growth Rate |11.7%

Low End Customer Buying Criteria

	Expectations	Importance
1. Price	\$14.50 - 24.50	53%
2. Age	Ideal Age = 7.0	24%
3. Ideal Position	Pfmrn 2.2 Size 17.8	16%
4. Reliability	MTBF 12000-17000	7%

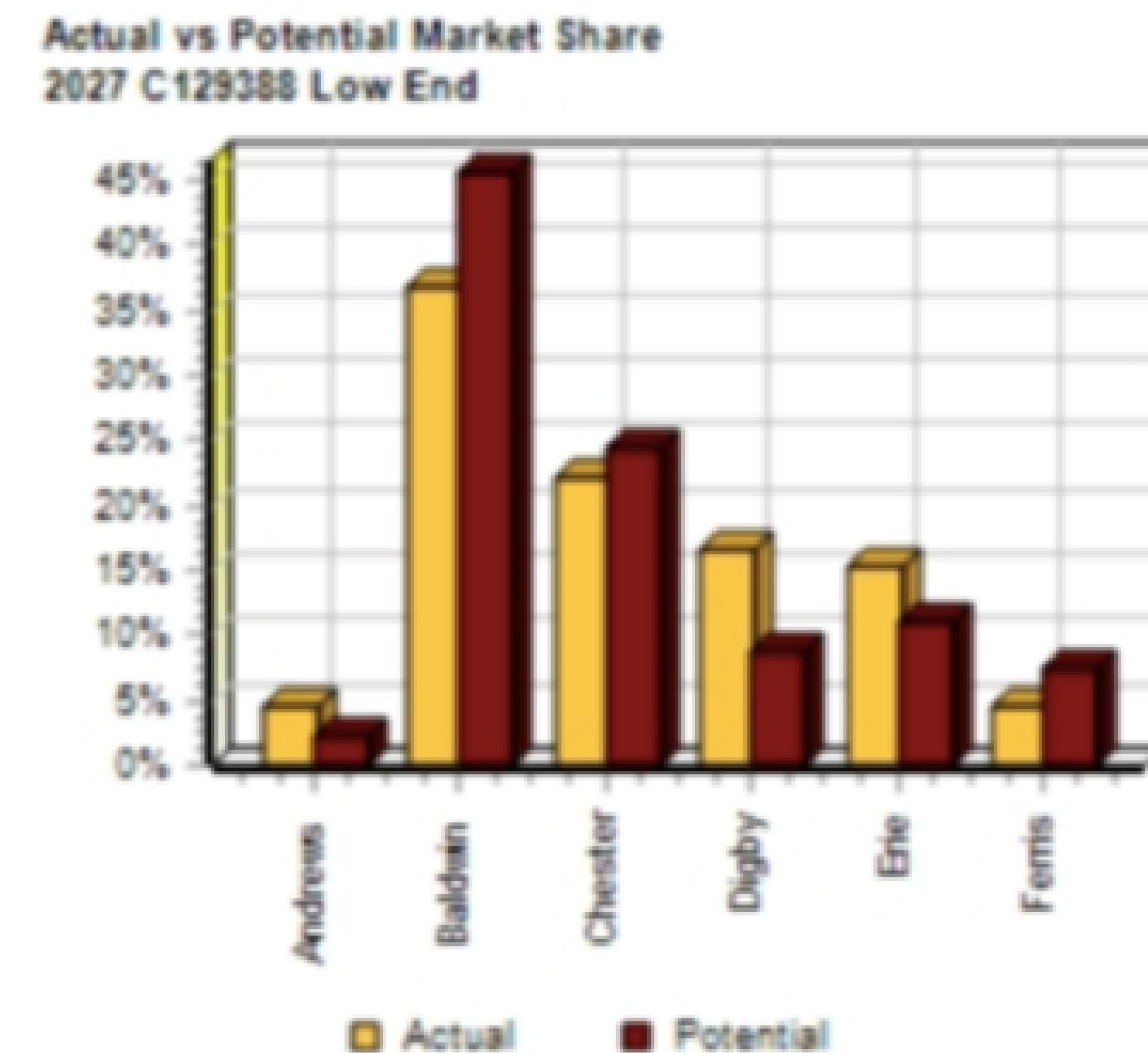
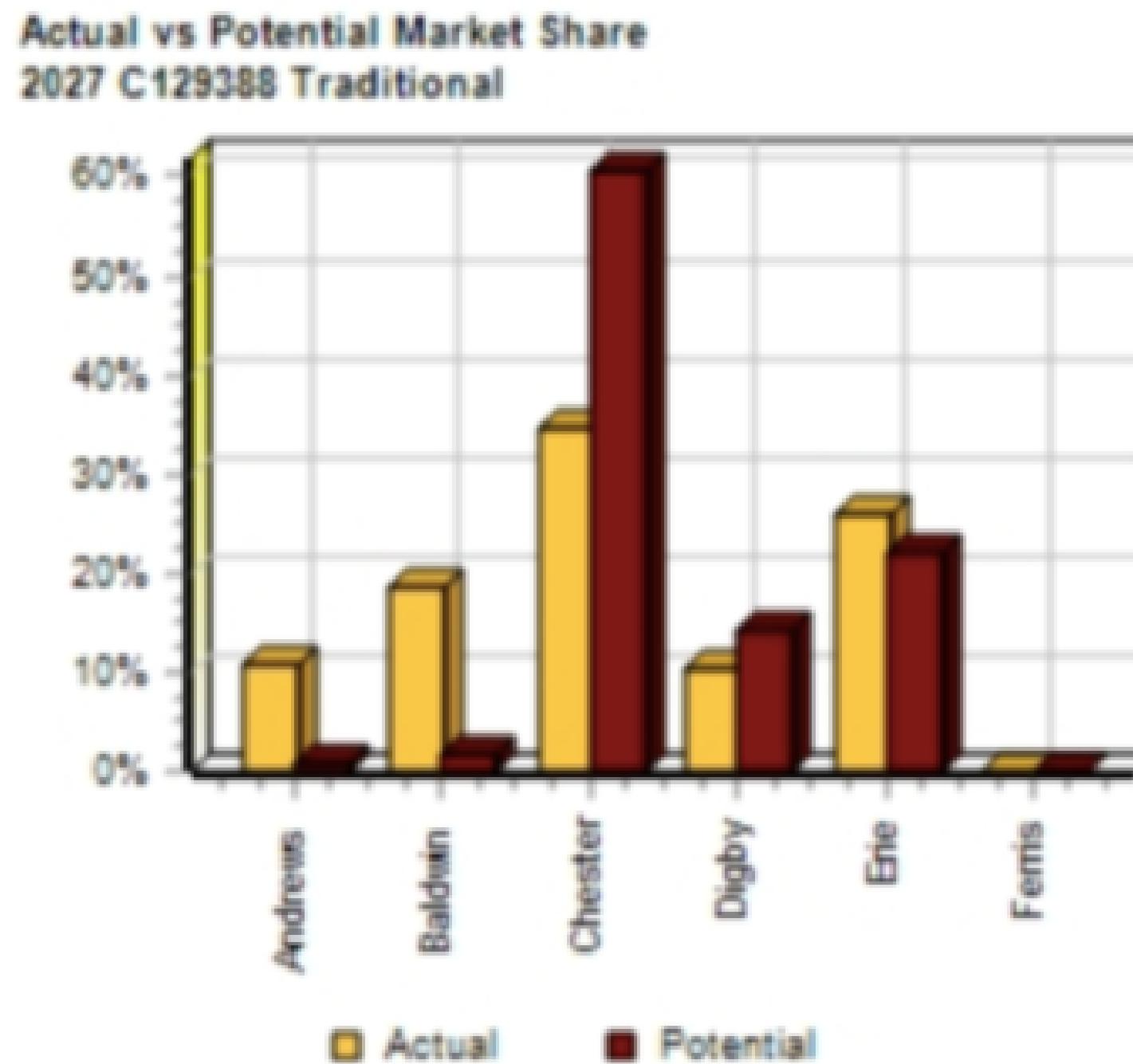
Top Products in Low End Segment

Name	Market Share	Units Sold to		Revision Date	Stock Out	Pfmrn Coord	Size Coord	List Price	MTBF	Age Dec.31	Promo Budget	Cust. Awareness	Sales Budget	Cust. Accessibility	Dec. Survey
		Market	Sold to Seg.					Age	Price						
Cedar	22%	3,862	5/9/2026	YES	3.7	16.0	\$17.00	16000	2.71	\$1,950	100%	\$3,300	65%	24	
Bead	22%	3,852	10/5/2024	YES	4.0	15.8	\$19.45	14000	5.57	\$1,600	99%	\$2,200	91%	30	
Dell	17%	2,873	5/26/2026		5.2	14.8	\$20.00	17000	3.20	\$1,000	66%	\$1,000	26%	11	
Ebb	15%	2,651	6/19/2027	YES	4.6	15.8	\$18.00	17000	1.65	\$800	45%	\$1,300	31%	12	
Bead2	15%	2,587	6/27/2027	YES	4.0	15.3	\$18.99	12500	2.23	\$2,000	100%	\$2,000	91%	17	
Fast	5%	792	1/28/2025	YES	5.5	14.5	\$20.50	12000	6.08	\$200	31%	\$695	43%	10	
Acre	5%	787	7/9/2028		2.7	17.3	\$17.00	14000	5.29	\$500	38%	\$800	16%	0	

Marketing goals



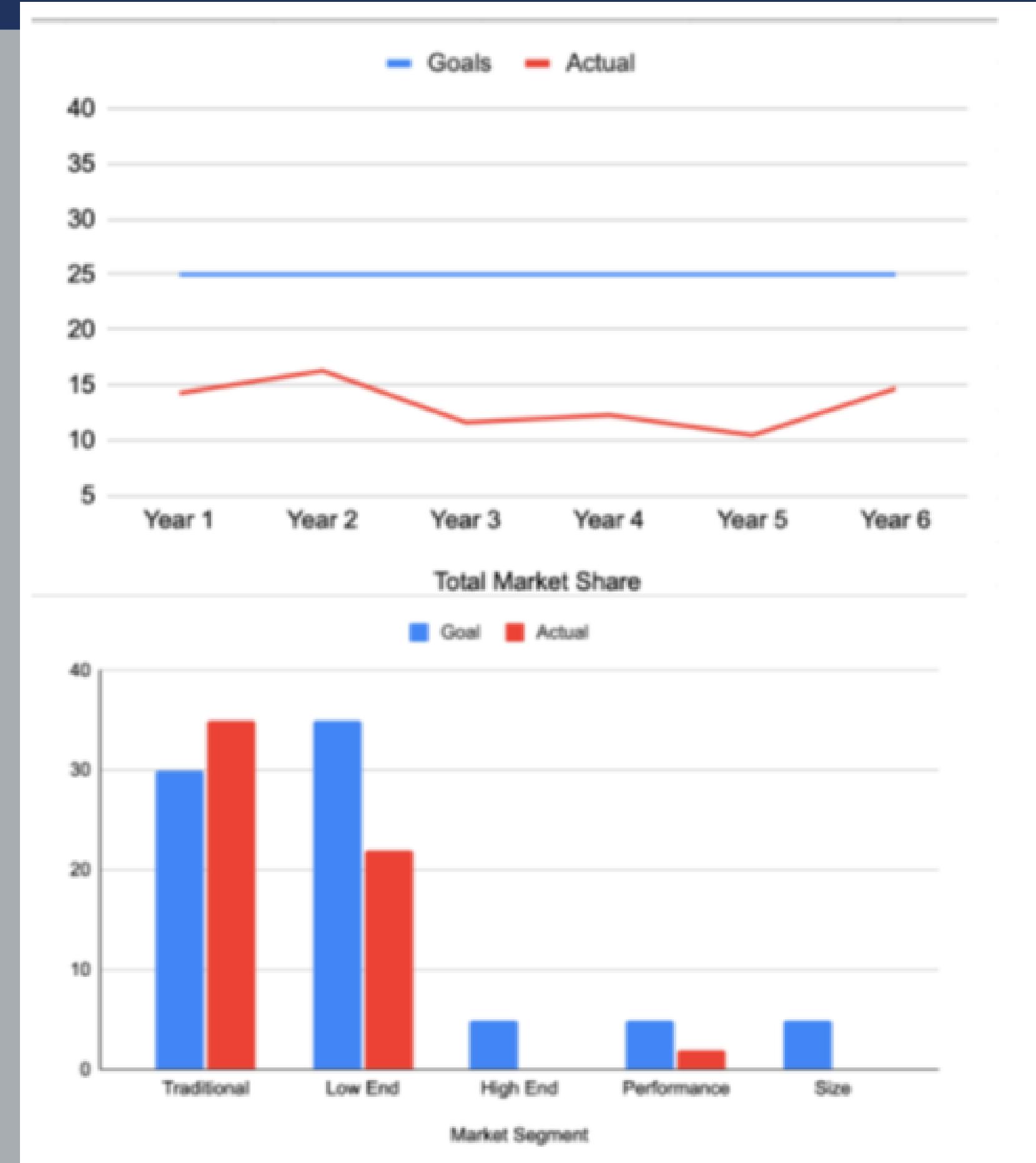
Marketing goals



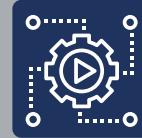
Marketing goals

Obtain a 25% total market share

Obtain a 30% market share in Traditional
and 35% in Low End



Production



Increased automation



Reduced R&D cost to allocate resources



Increased production of low end and traditional products



Kept contribution margin above 30%

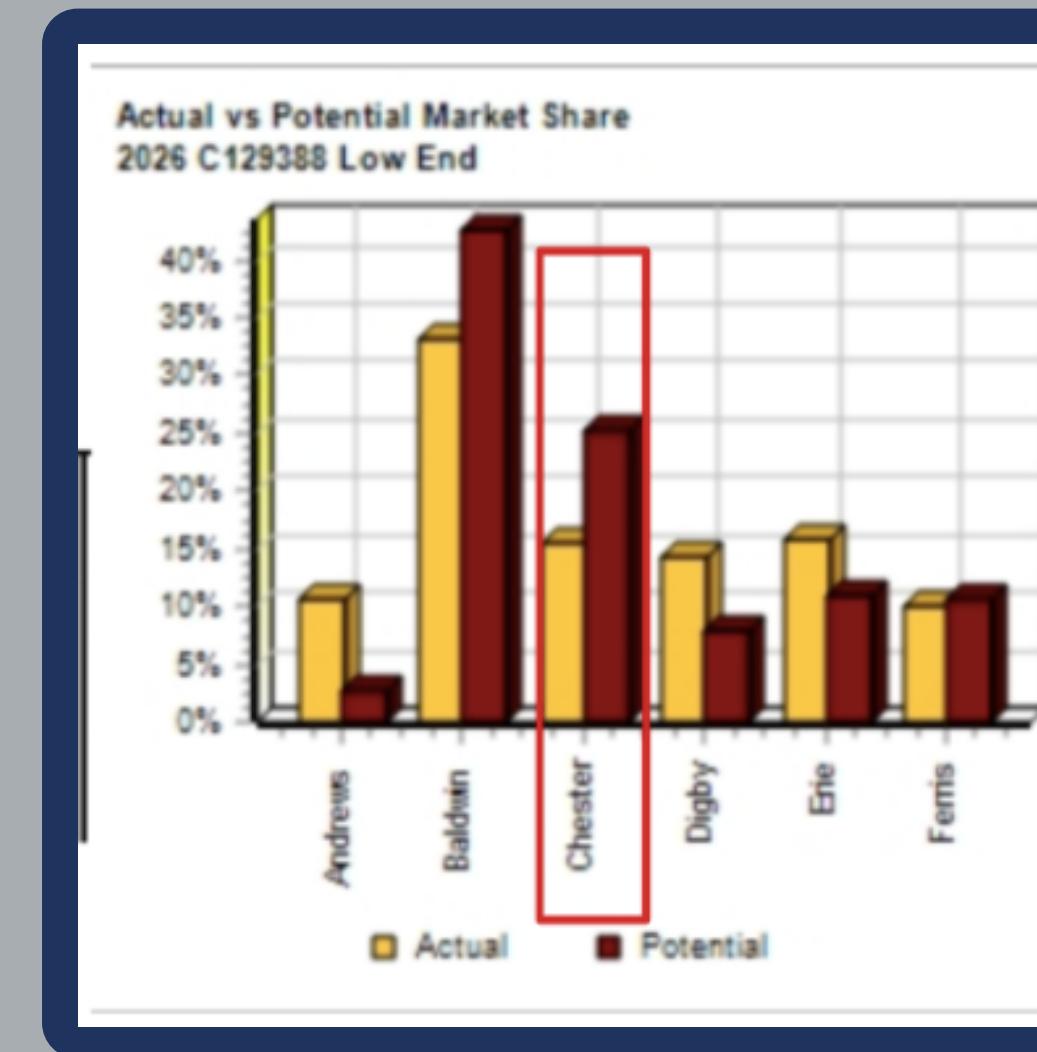
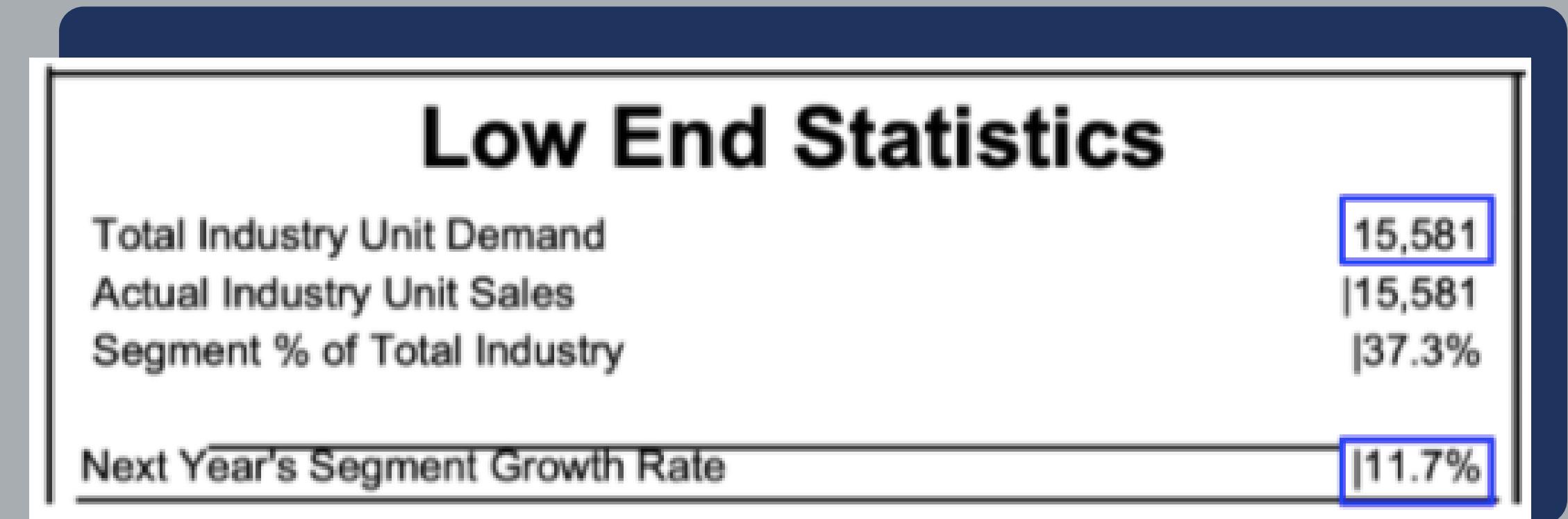


Increased productivity index by investing in TQM and HR



Pushed more products in low end and traditional segments

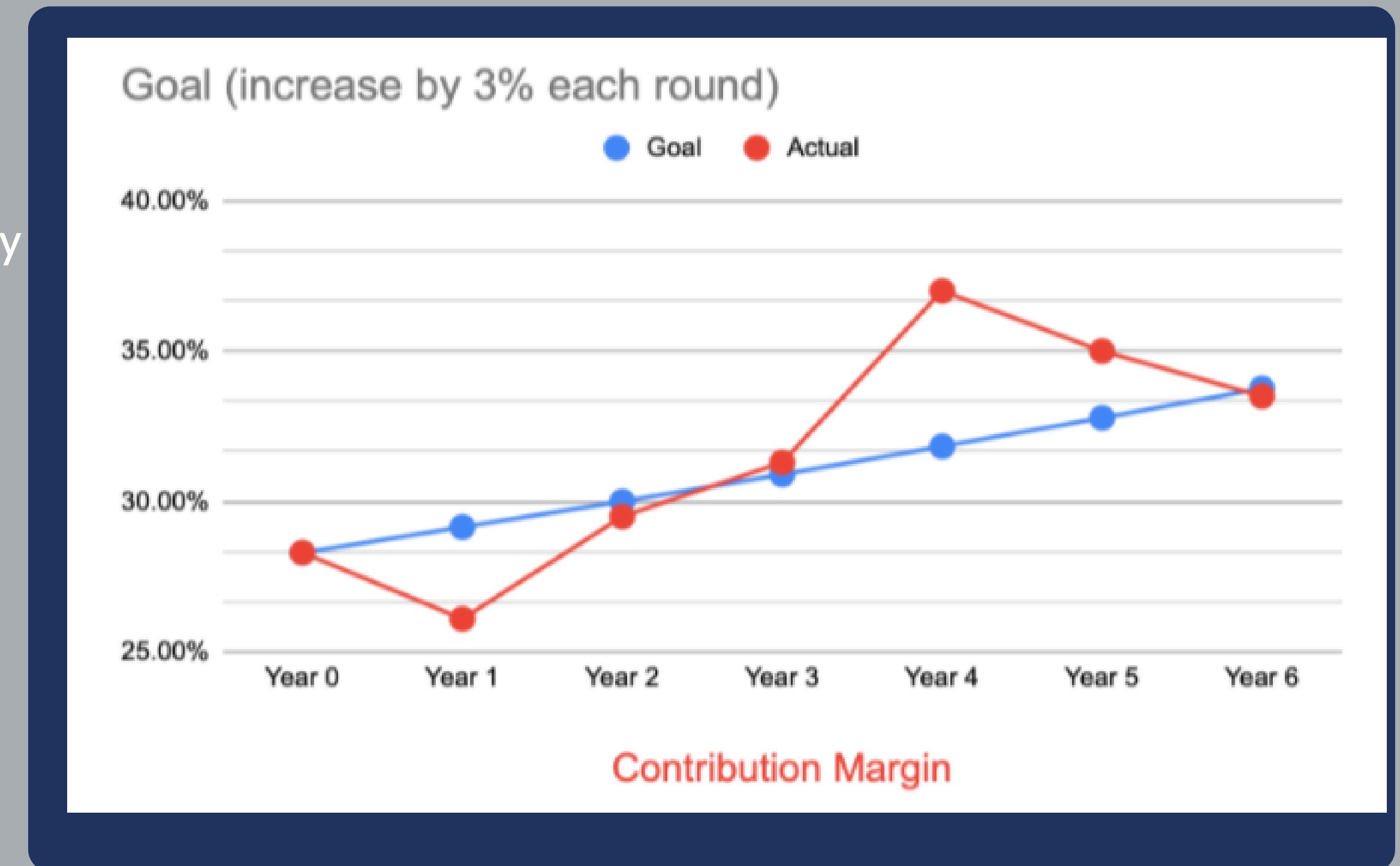
Production



Production Goals

Increase productivity by 20%

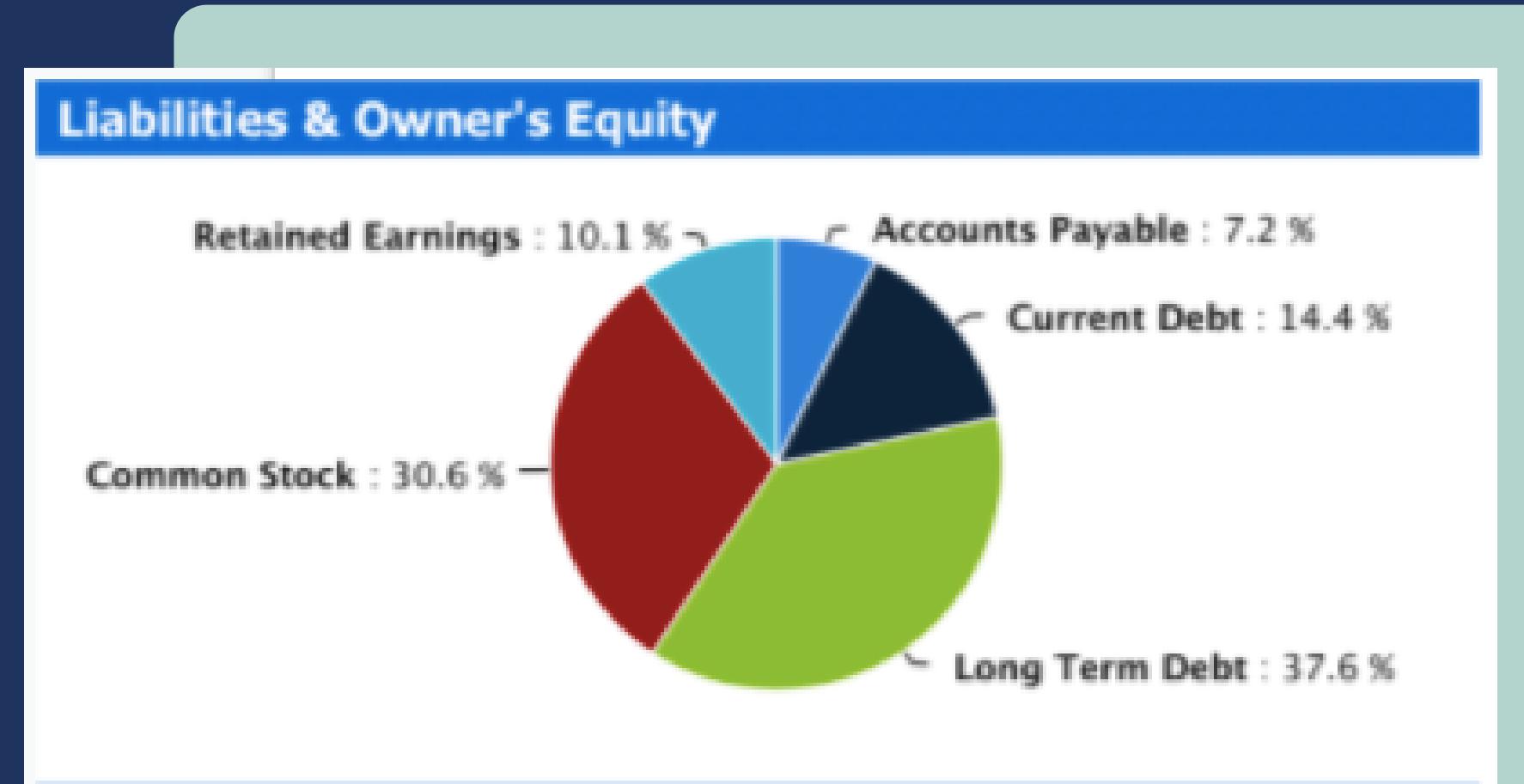
Increase Contribution Margins by 3%



Production Goals



Finance



Only take on long-term debt



Maintain at least positive 4 million in cash flow



Issue minimal stocks

Finance goals

Keep leverage above 2

increase stock price by 5% every year

increase our net income by 10%

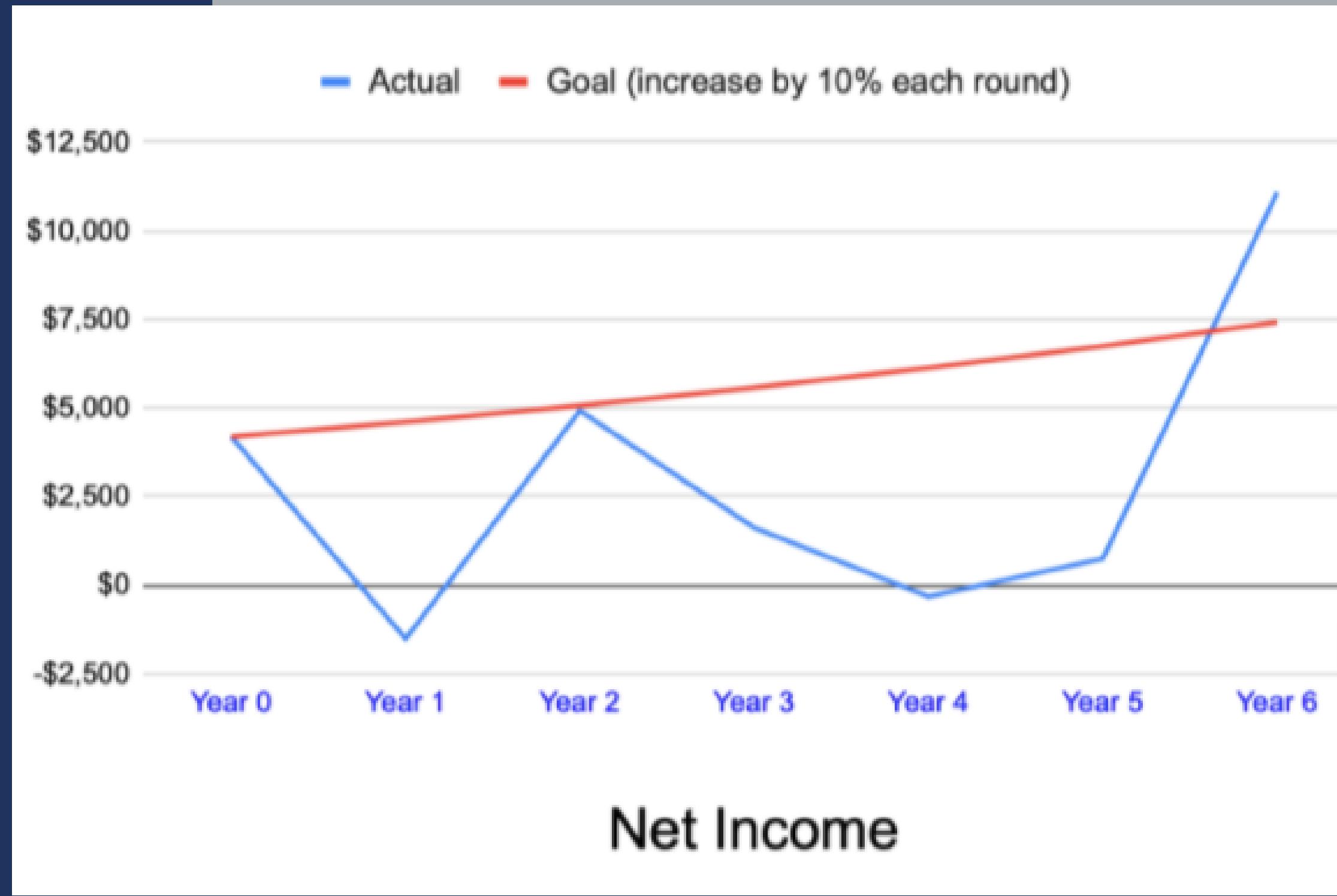
Leverage	
Round 1	2.1
Round 2	2.1
Round 3	1.9
Round 4	1.9
Round 5	2.3
Round 6	2.1



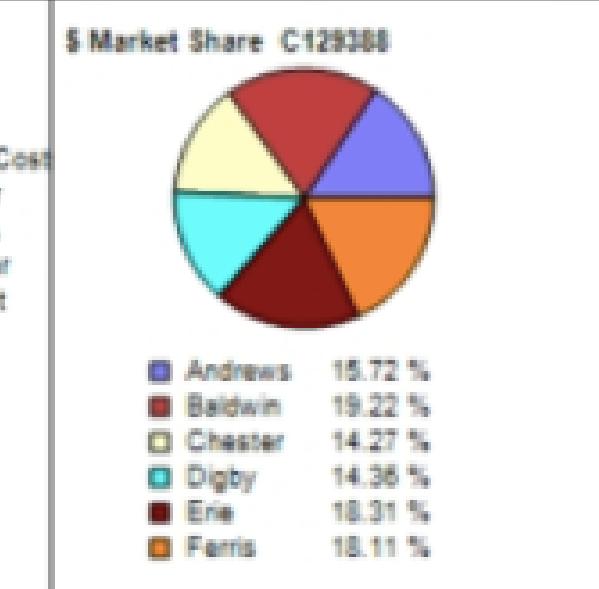
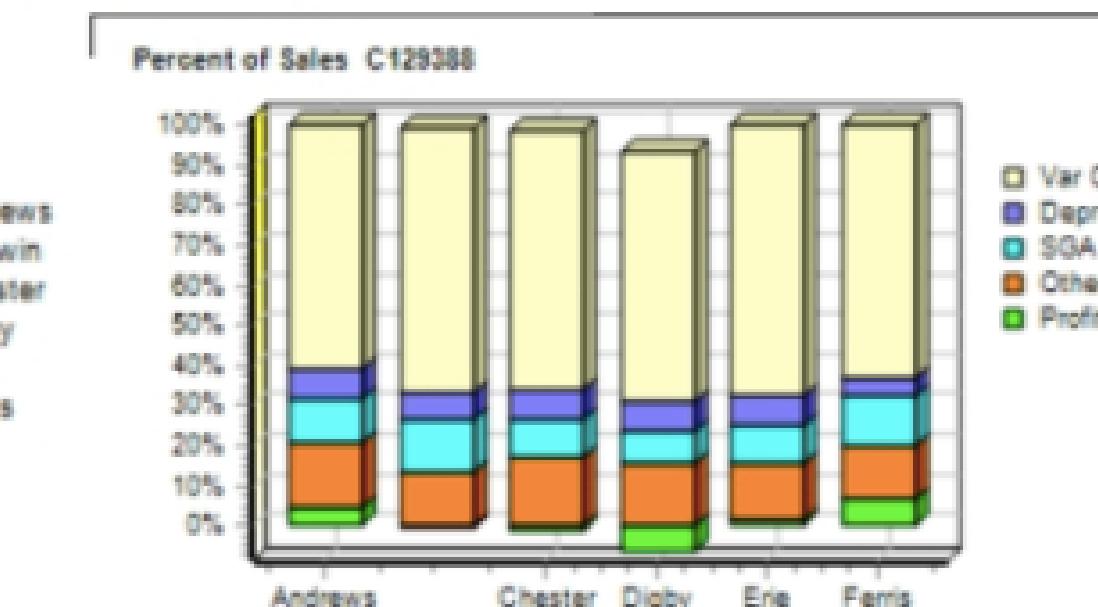
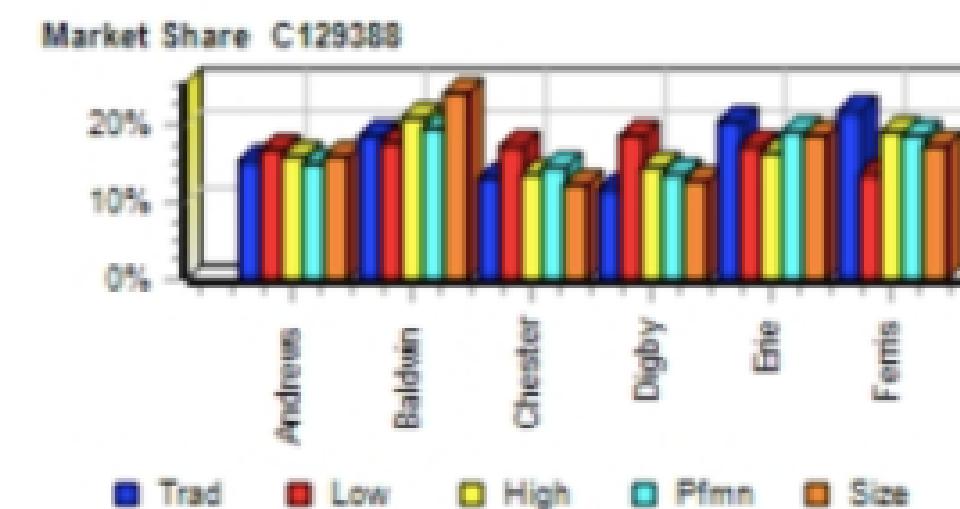
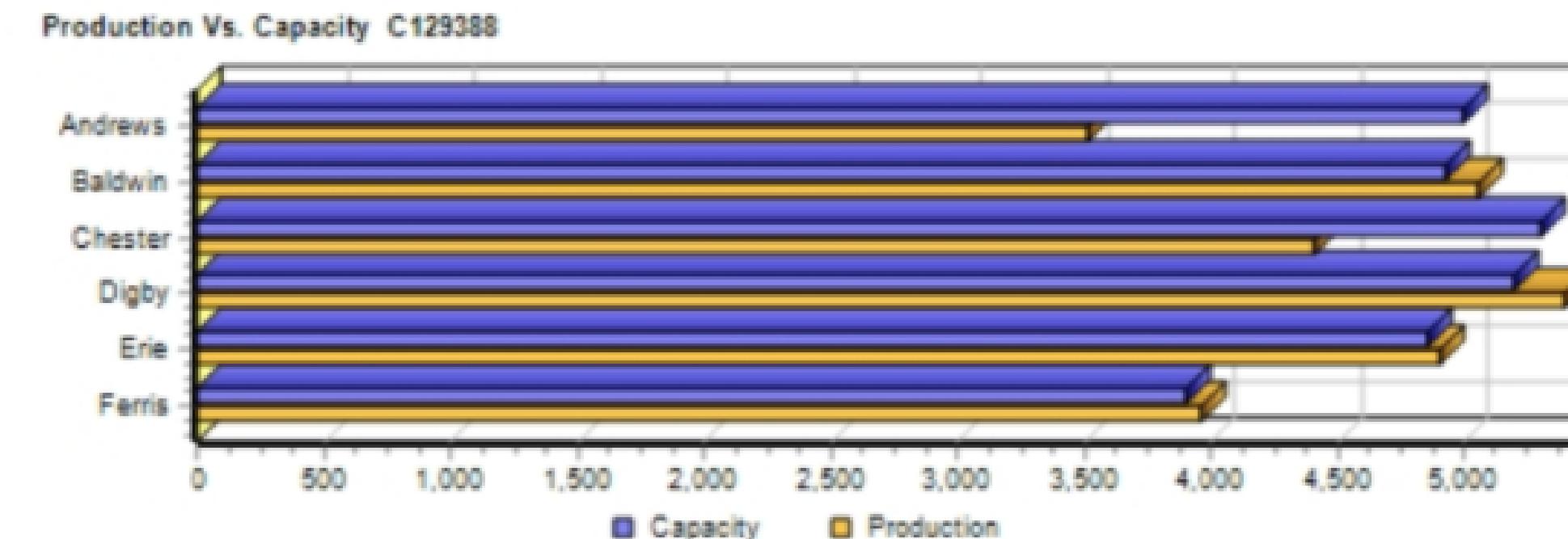
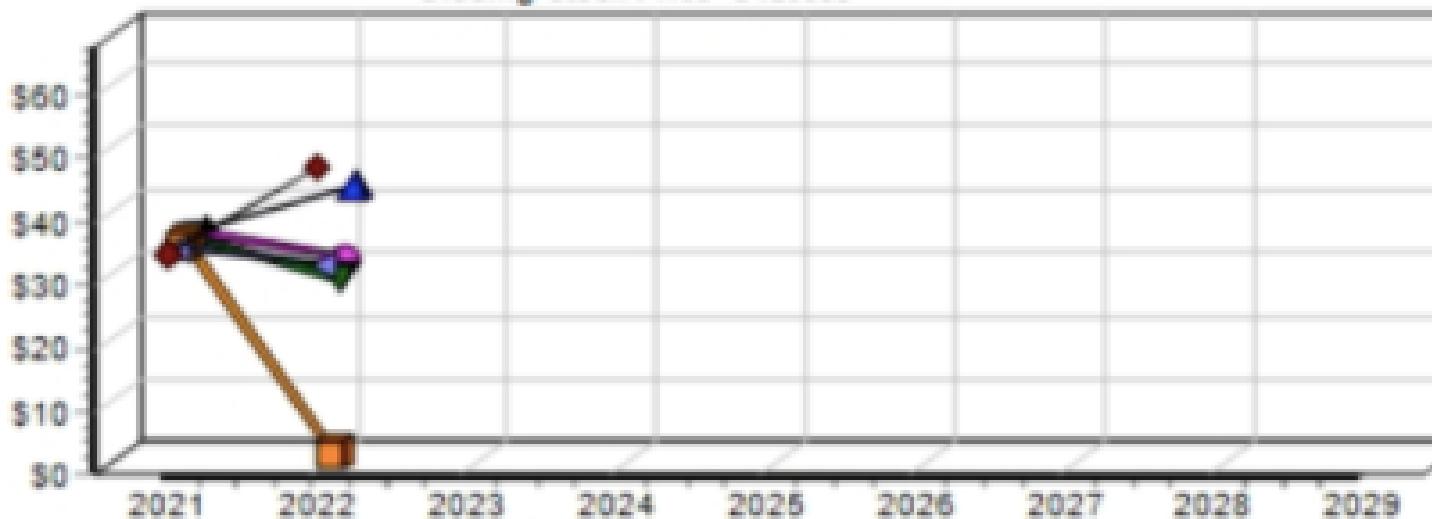
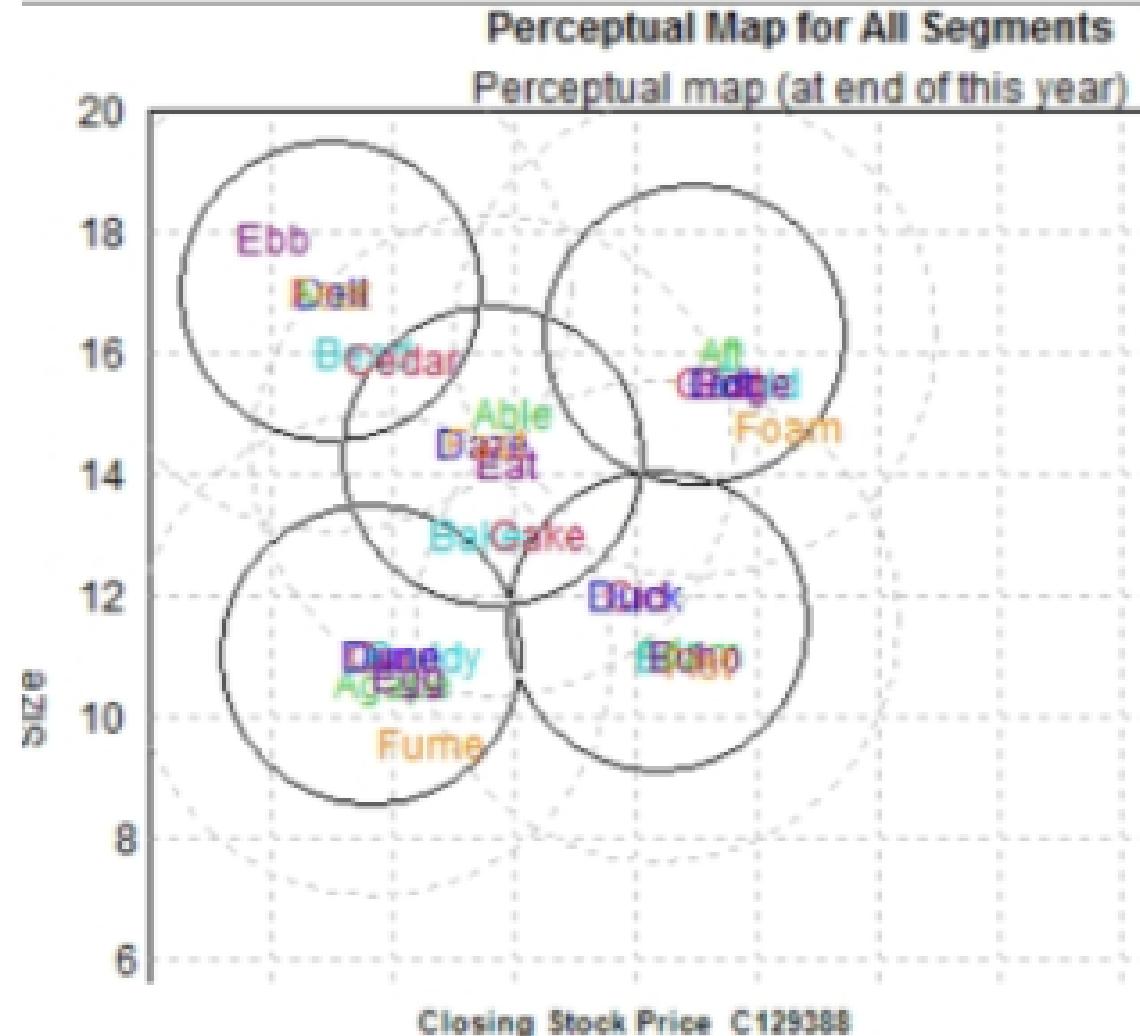
Should have increased dividend + share profits

CHESTER

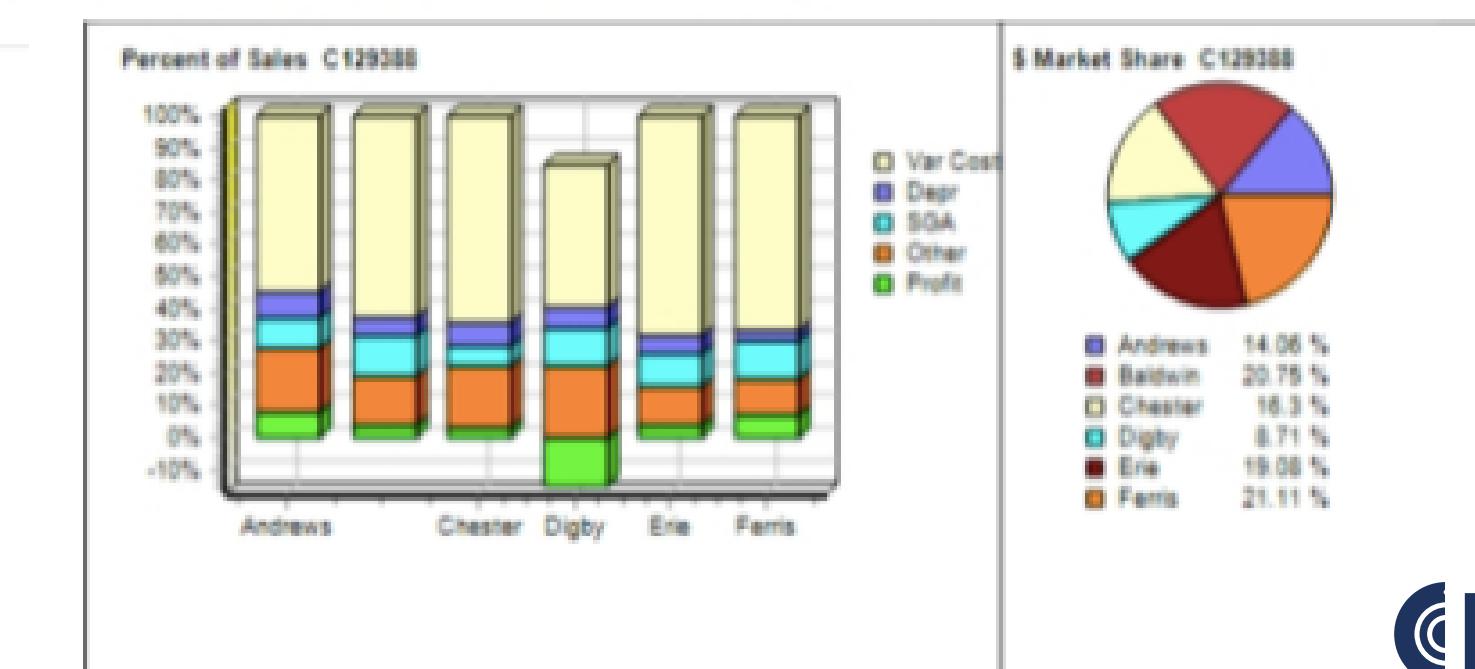
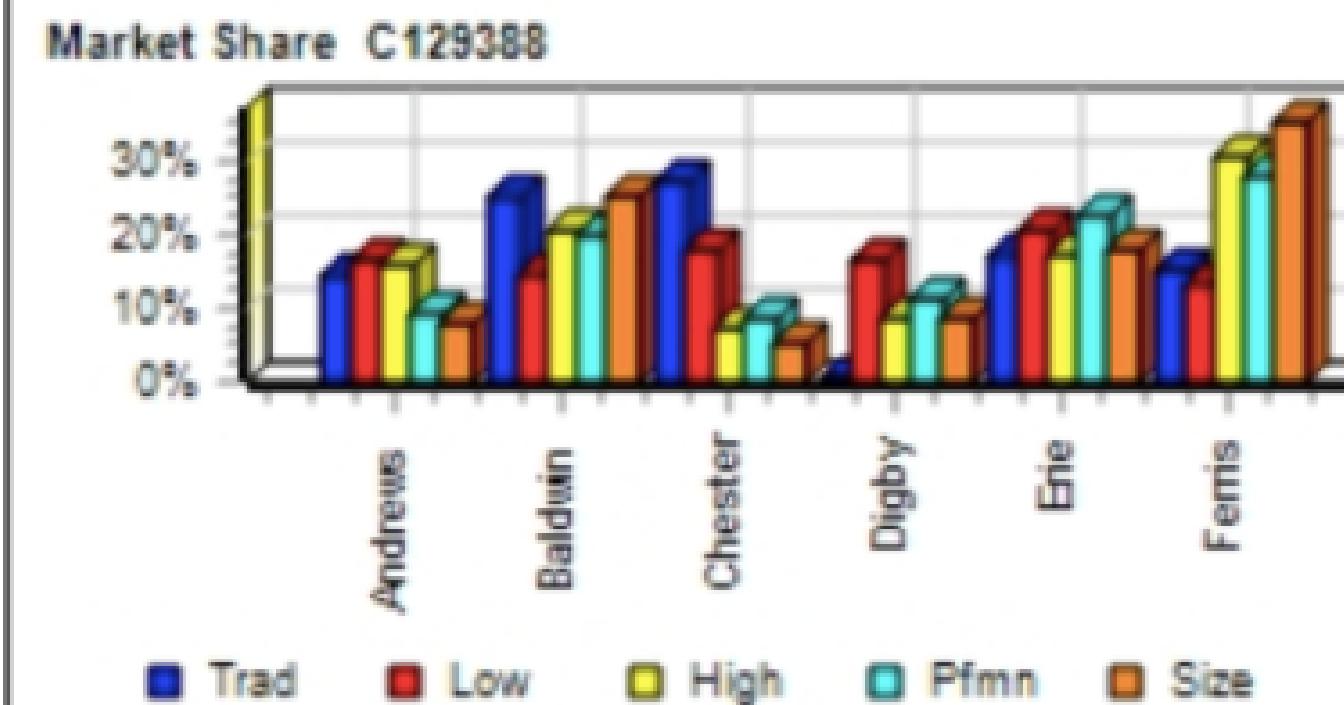
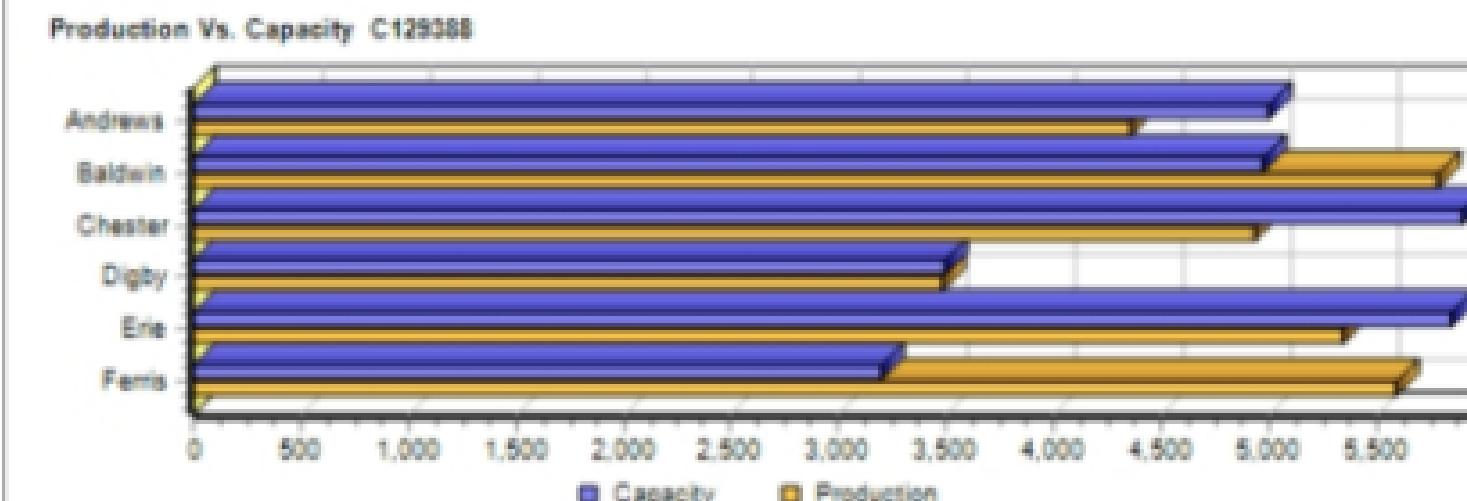
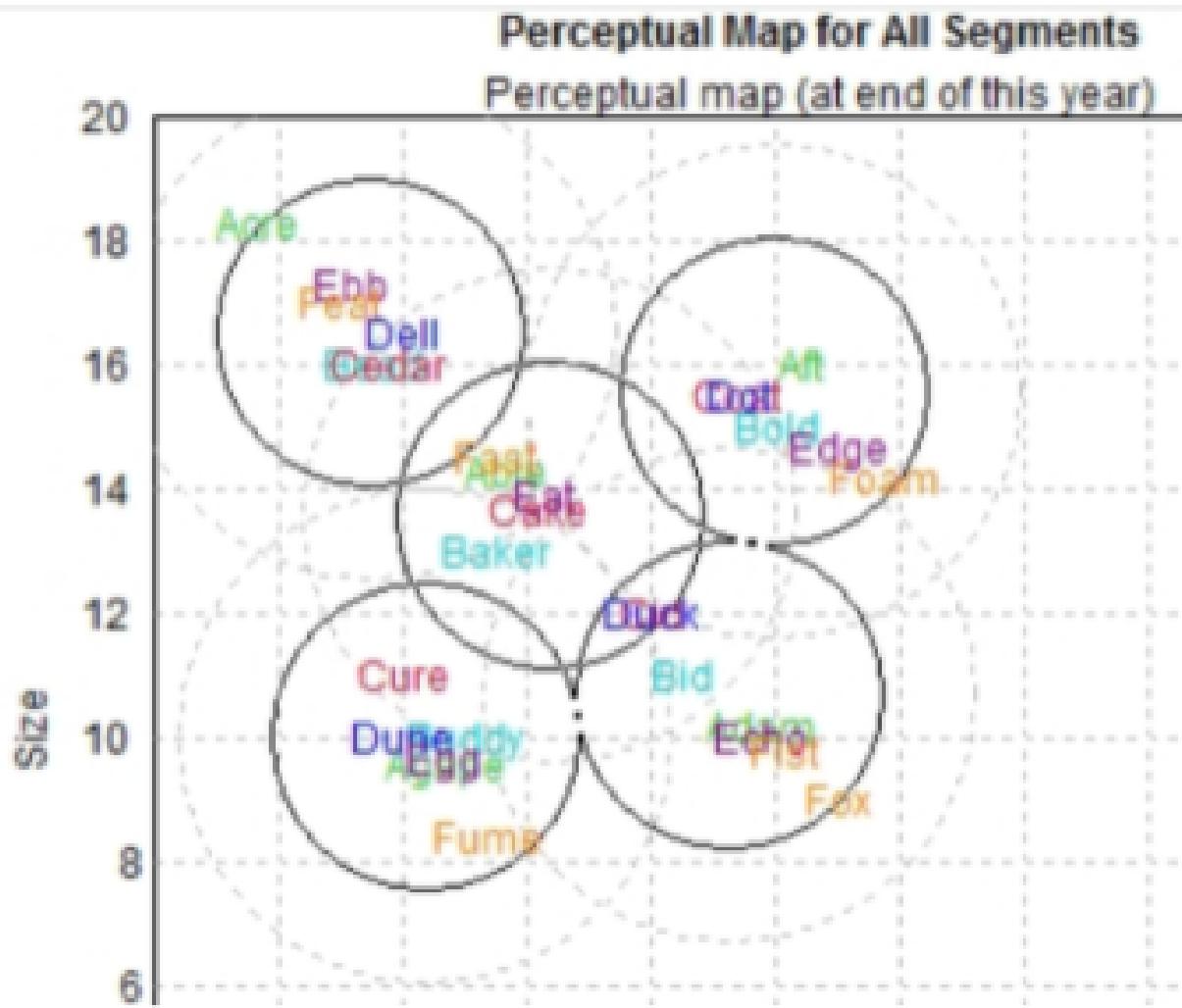
Finance goals



Round 1

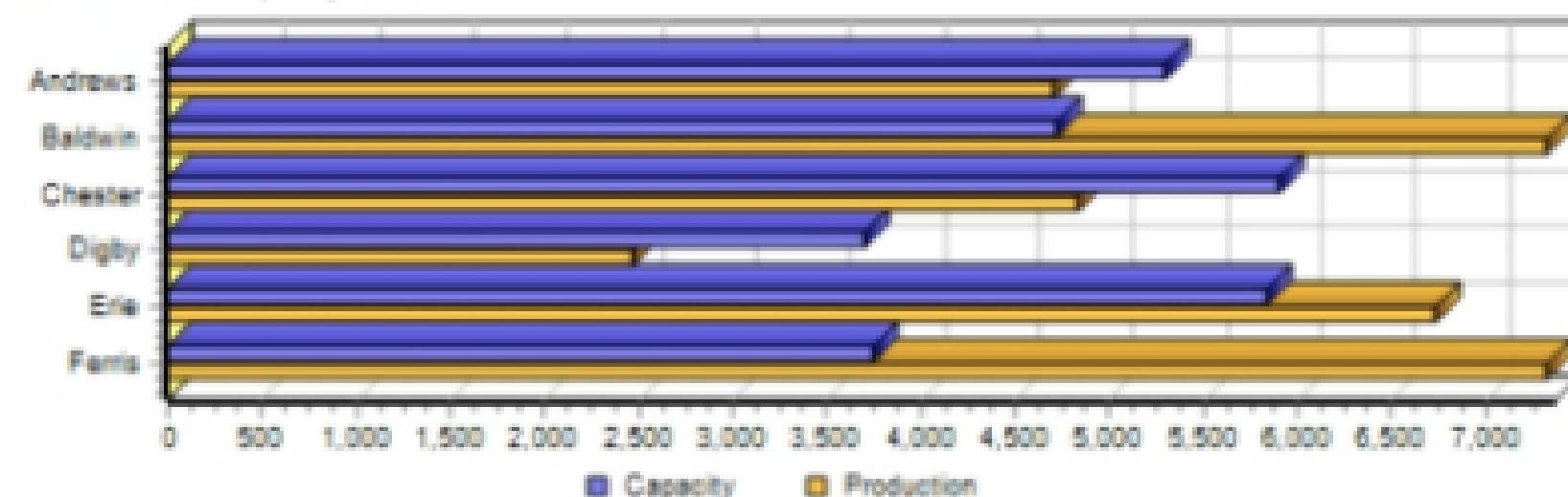


Round 2



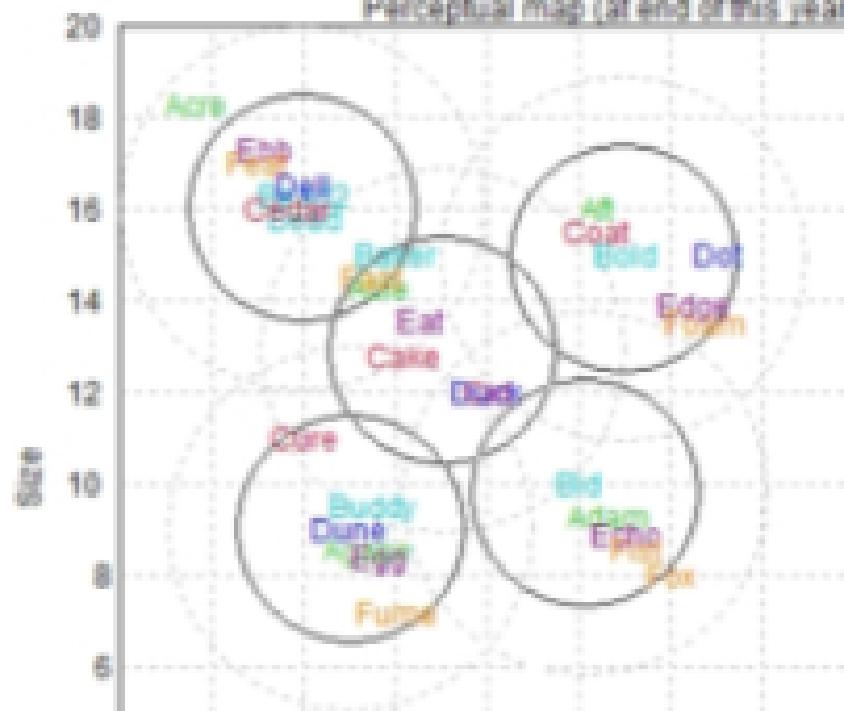
Round 3

Production Vs. Capacity C129088

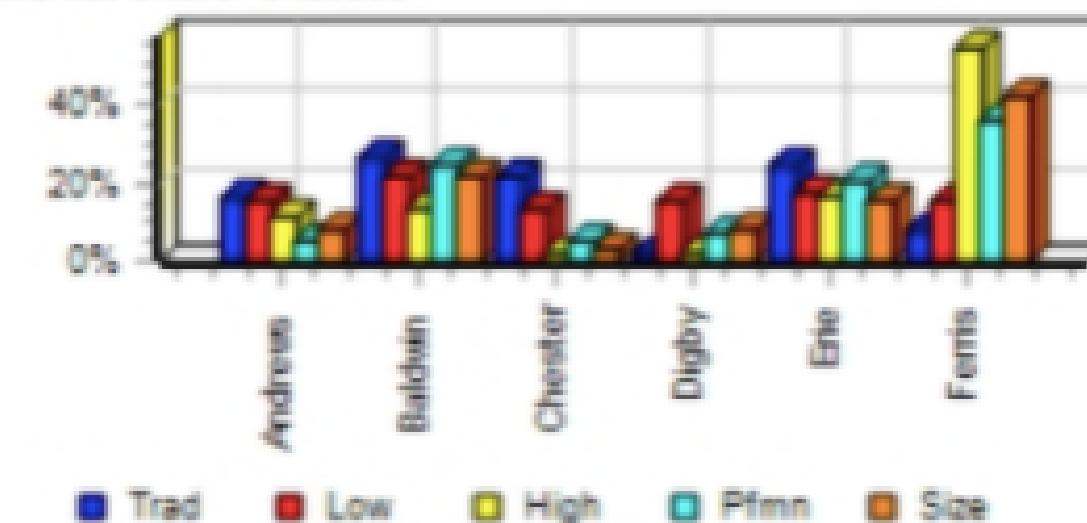


Perceptual Map for All Segments

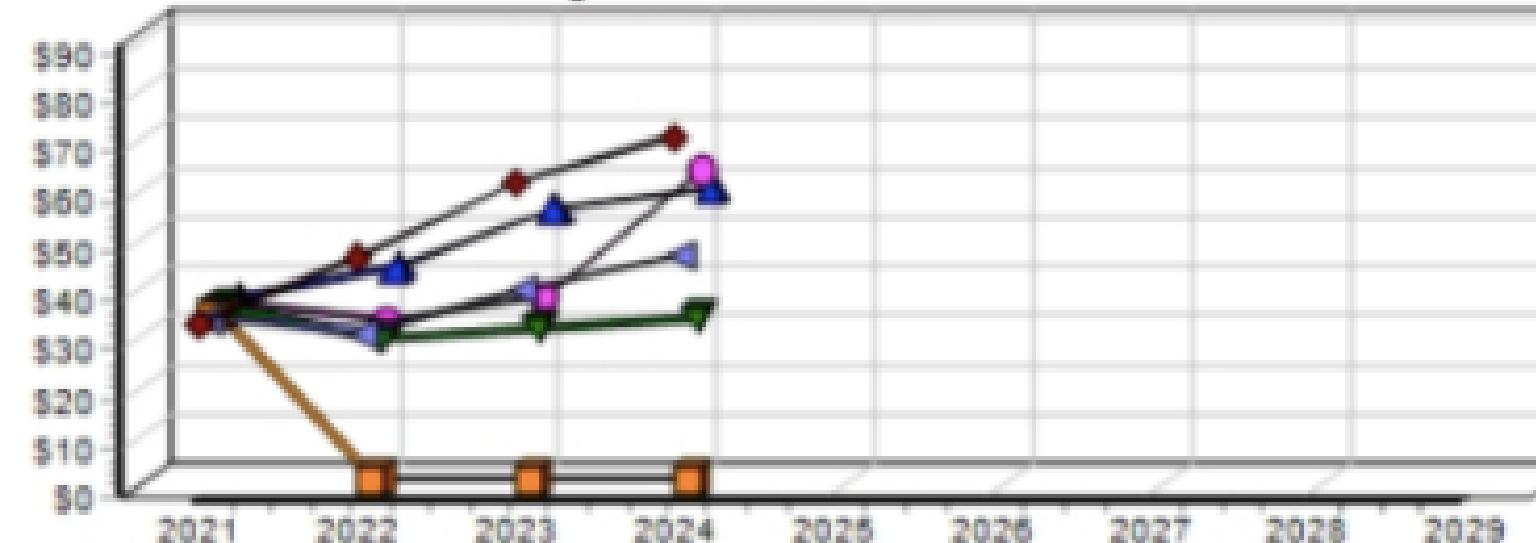
Perceptual map (at end of this year)



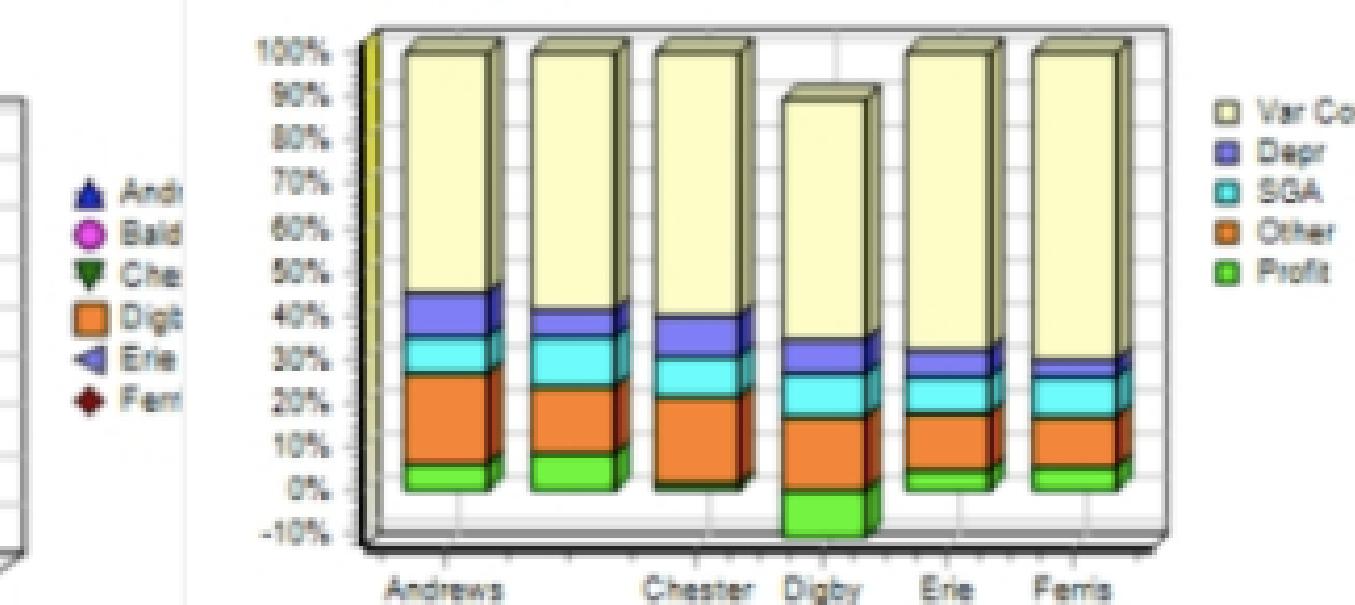
Market Share C129088



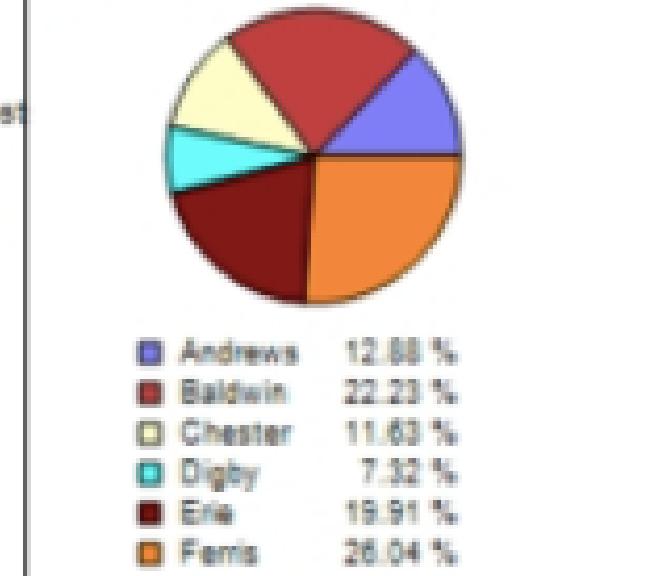
Closing Stock Price C129088



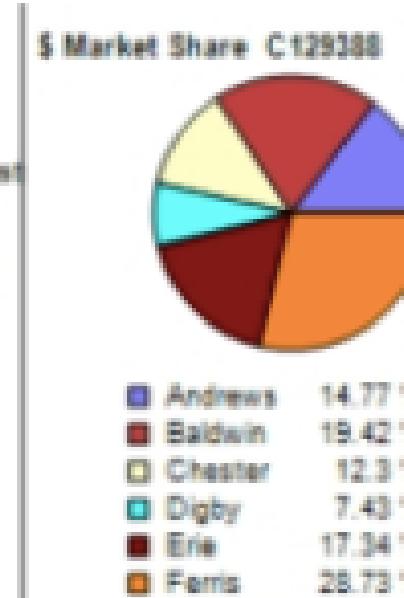
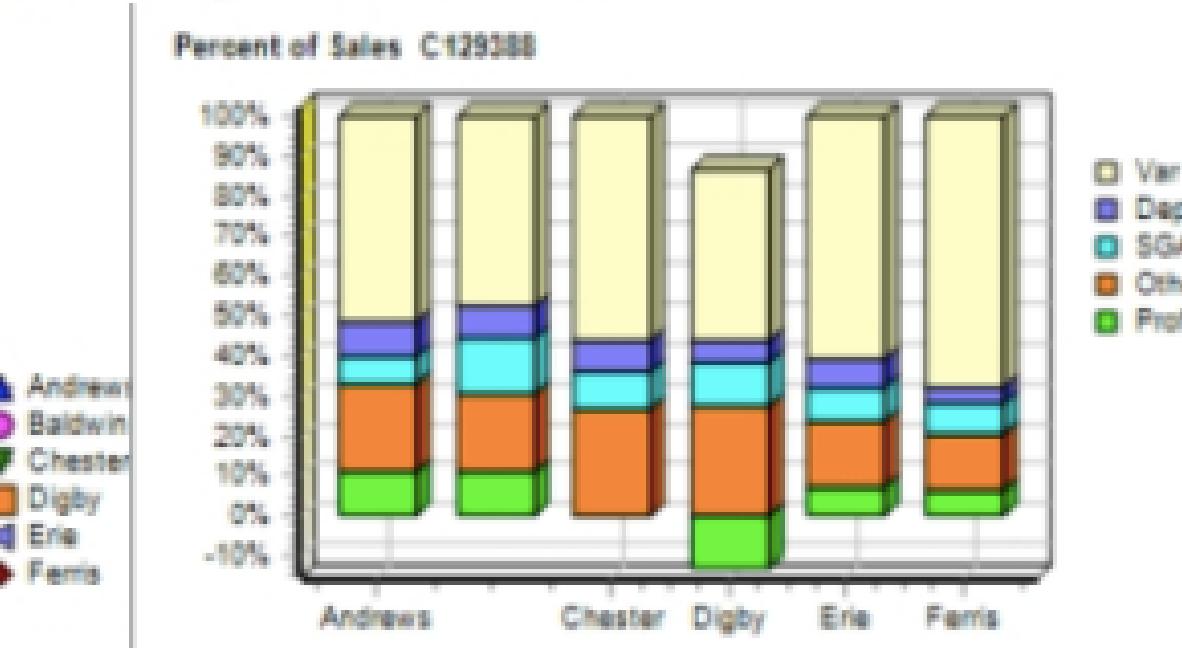
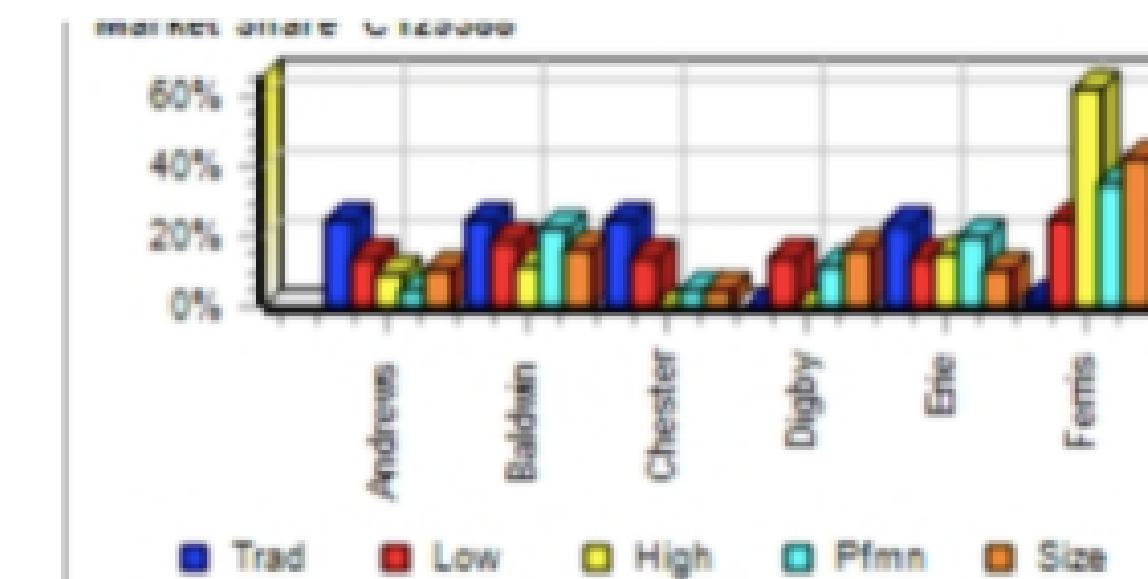
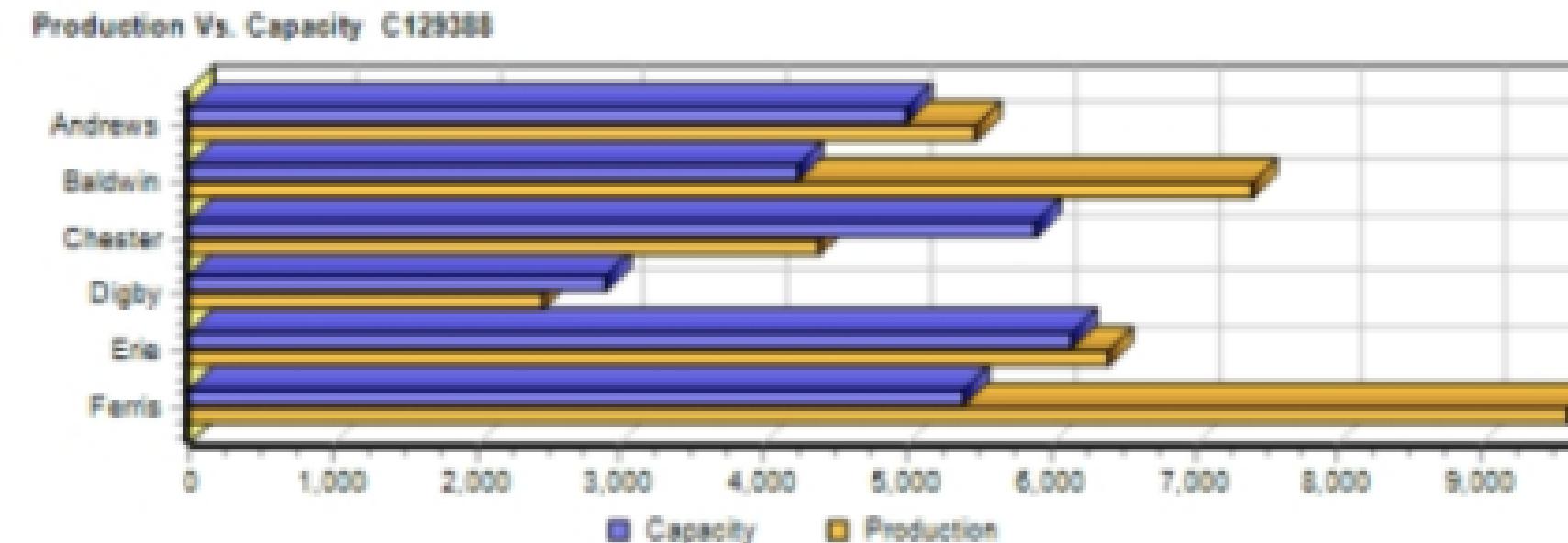
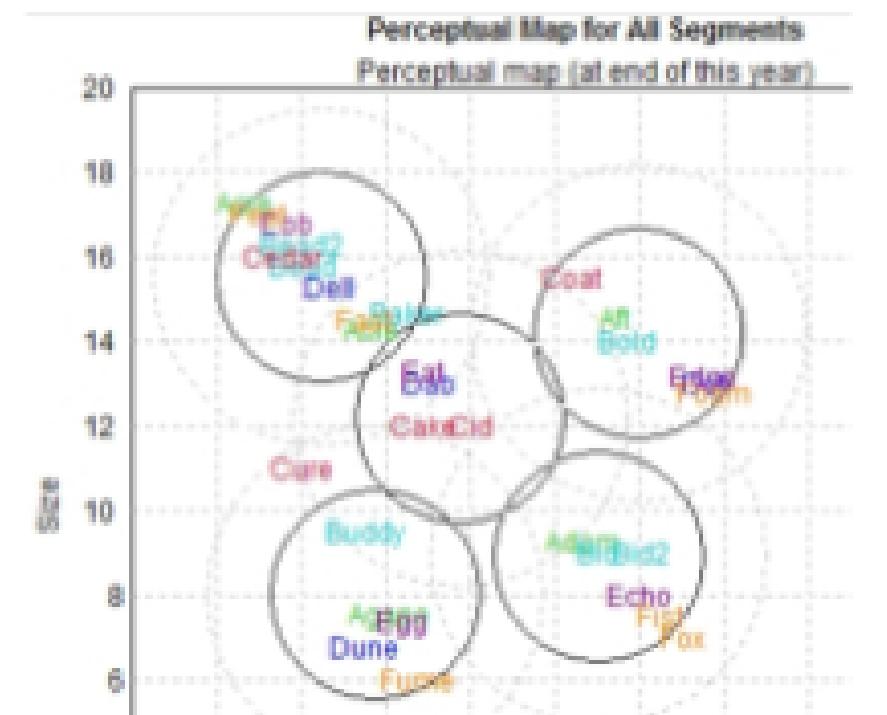
Percent of Sales C129088



\$ Market Share C129088

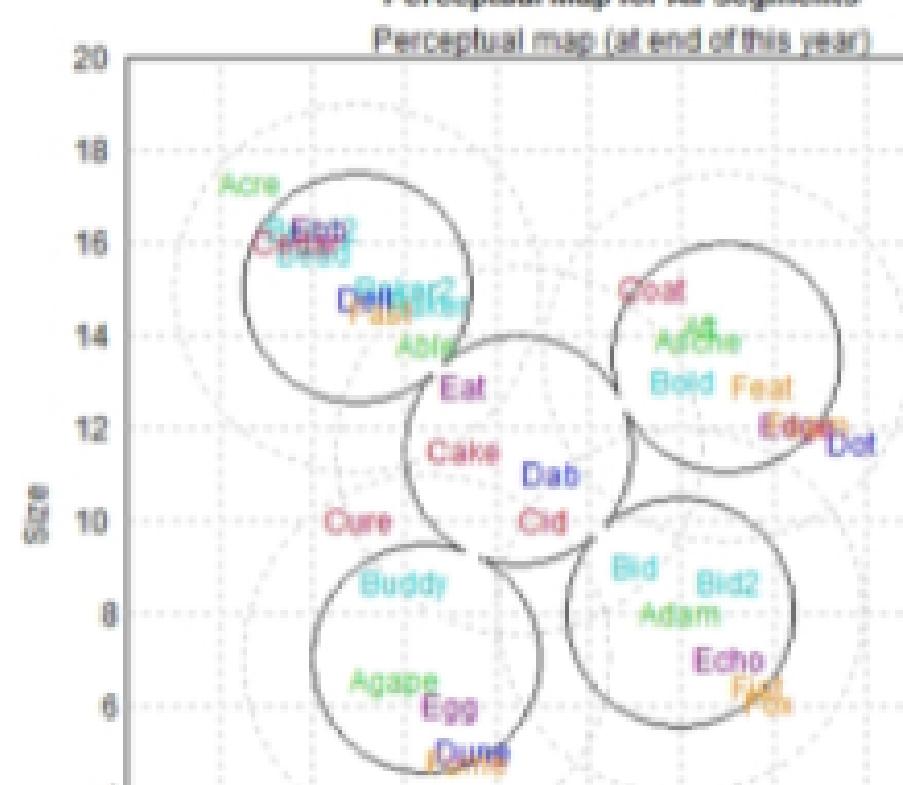


Round 4

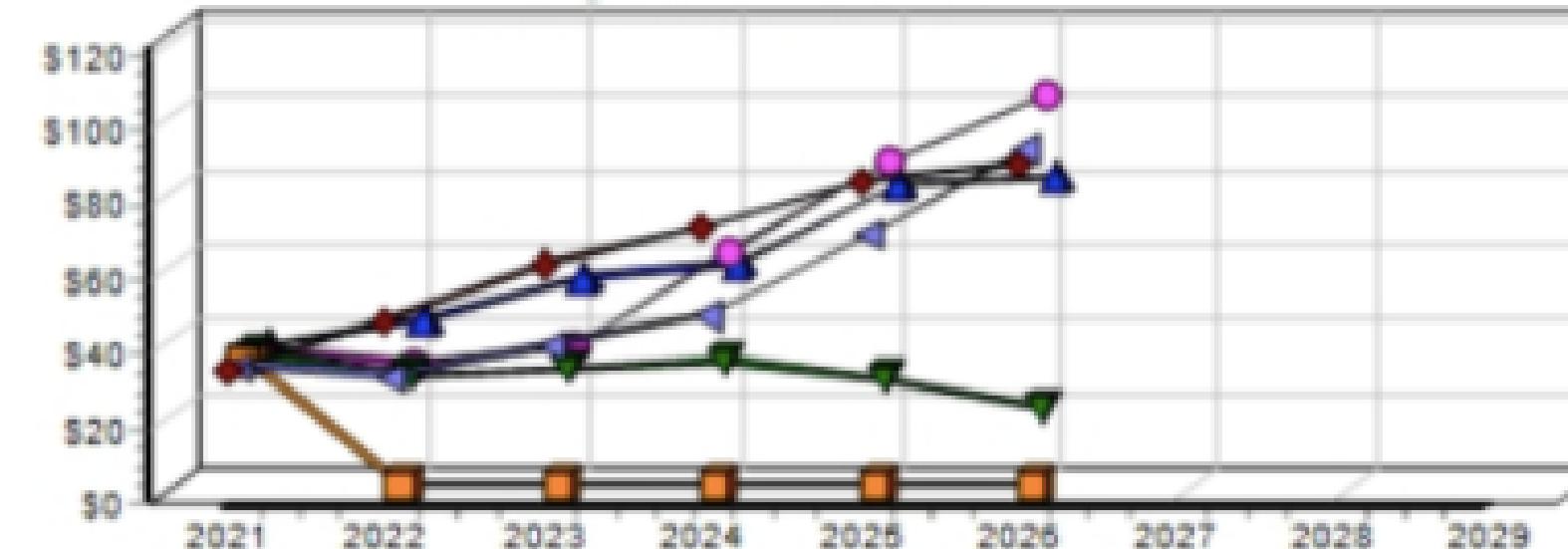


Round 5

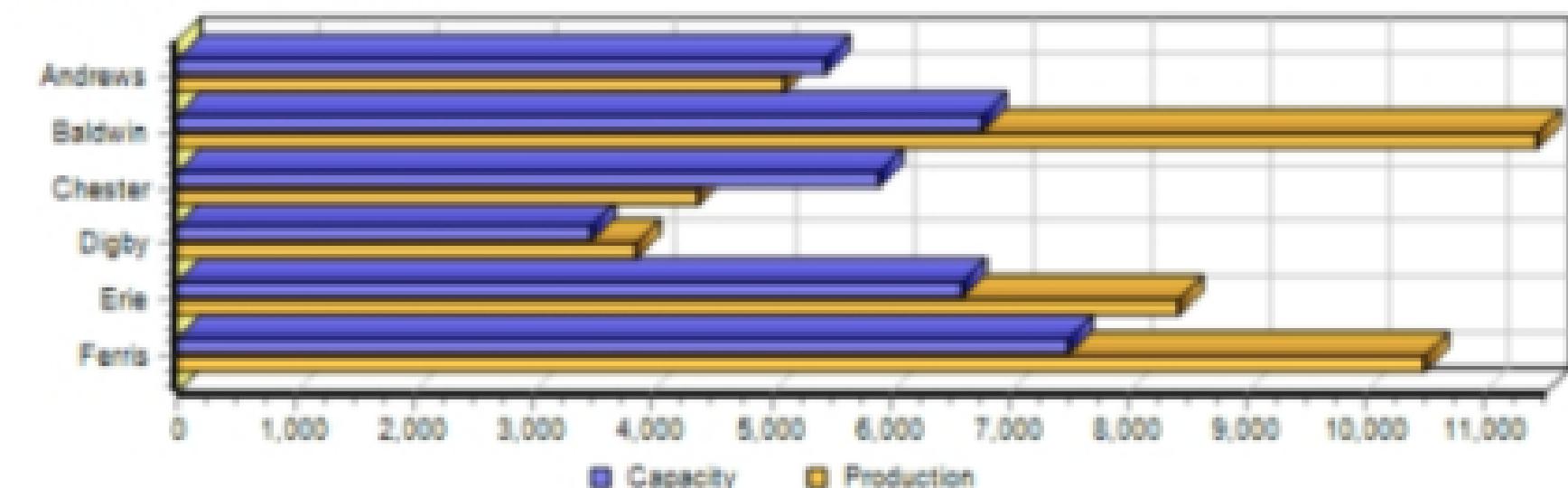
Perceptual Map for All Segments



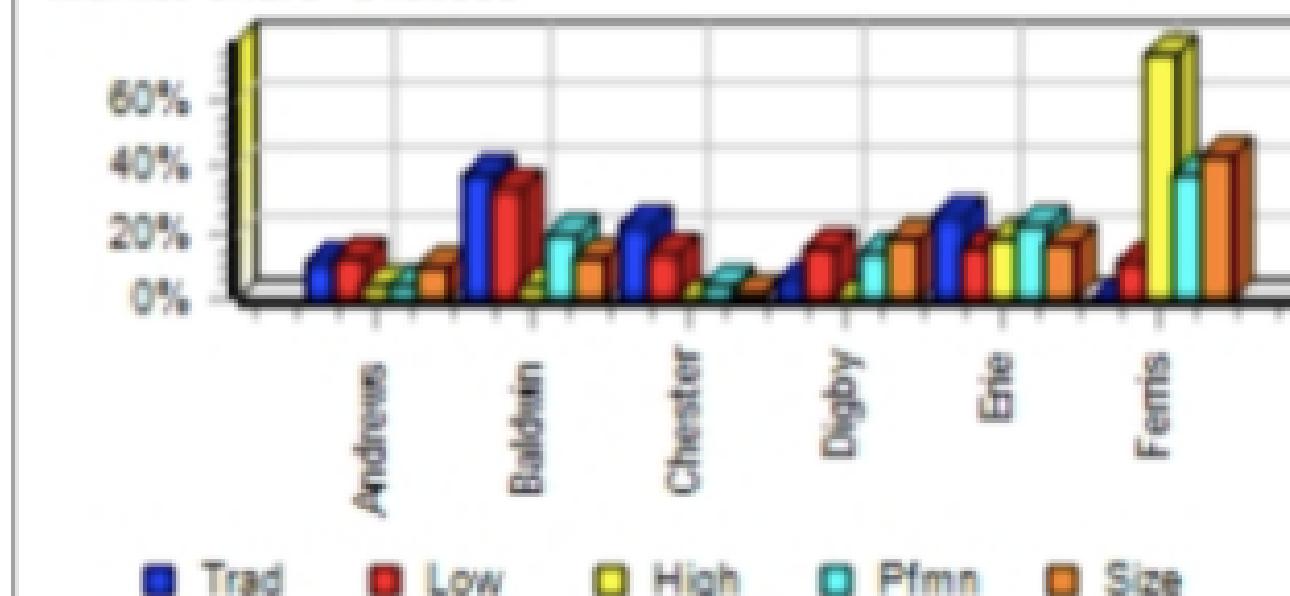
Closing Stock Price C129388



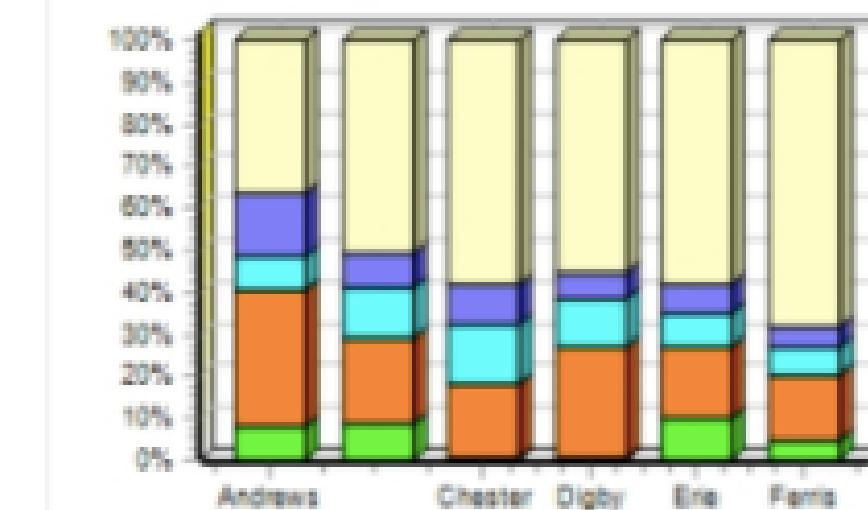
Production Vs. Capacity C129388



Market Share C129388



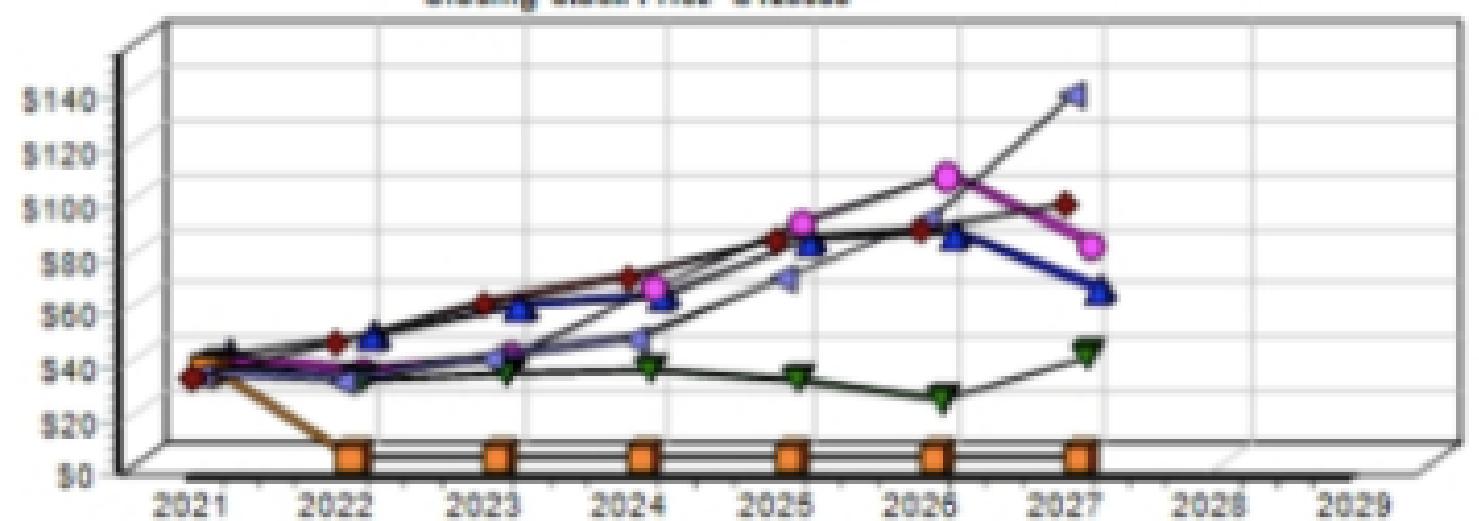
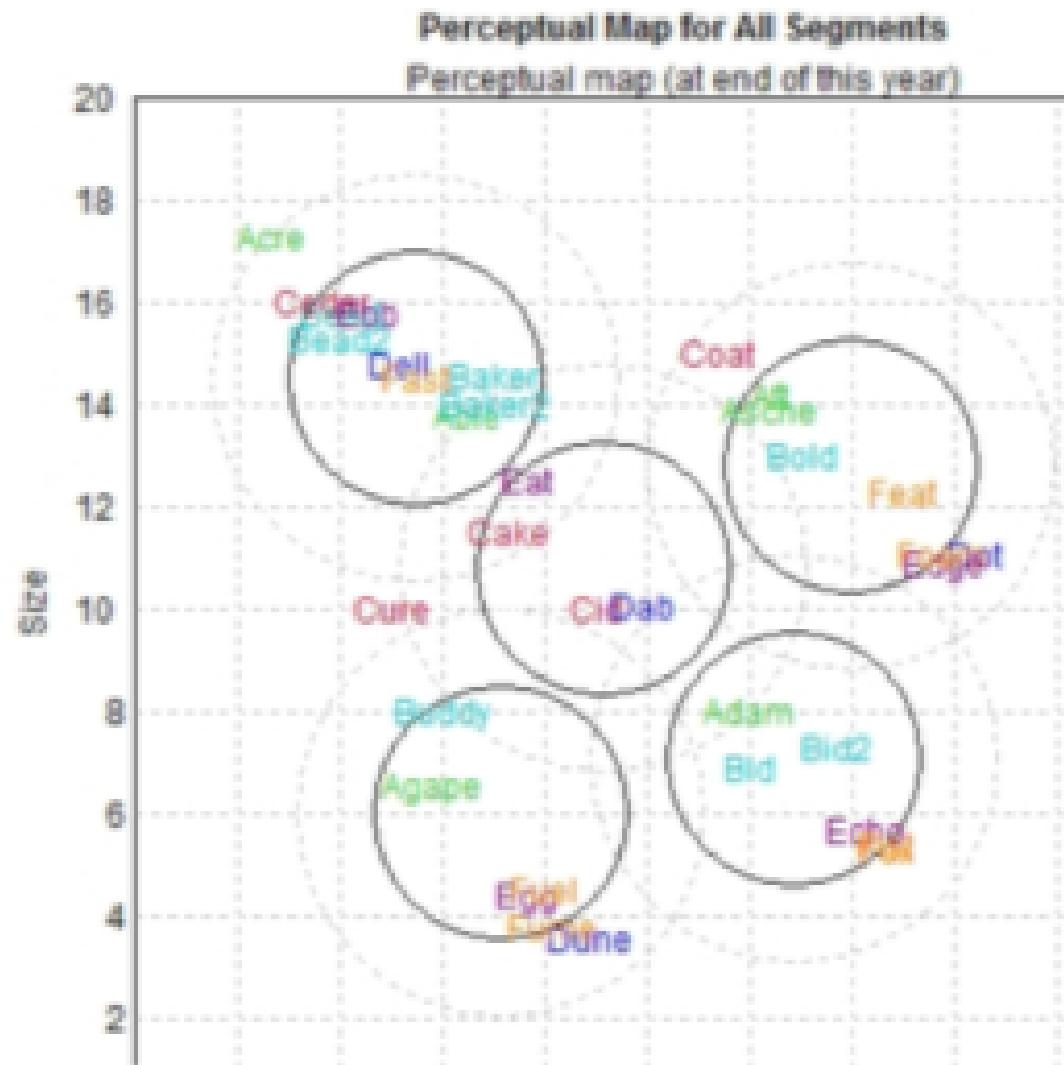
Percent of Sales C129388



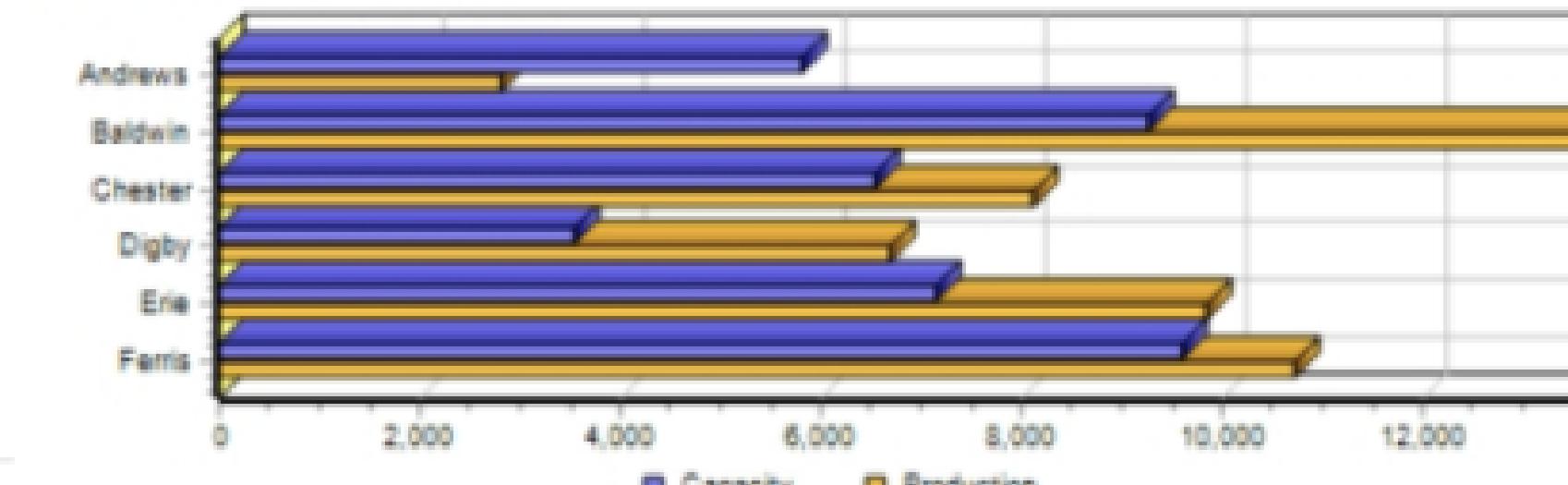
Market Share C129388



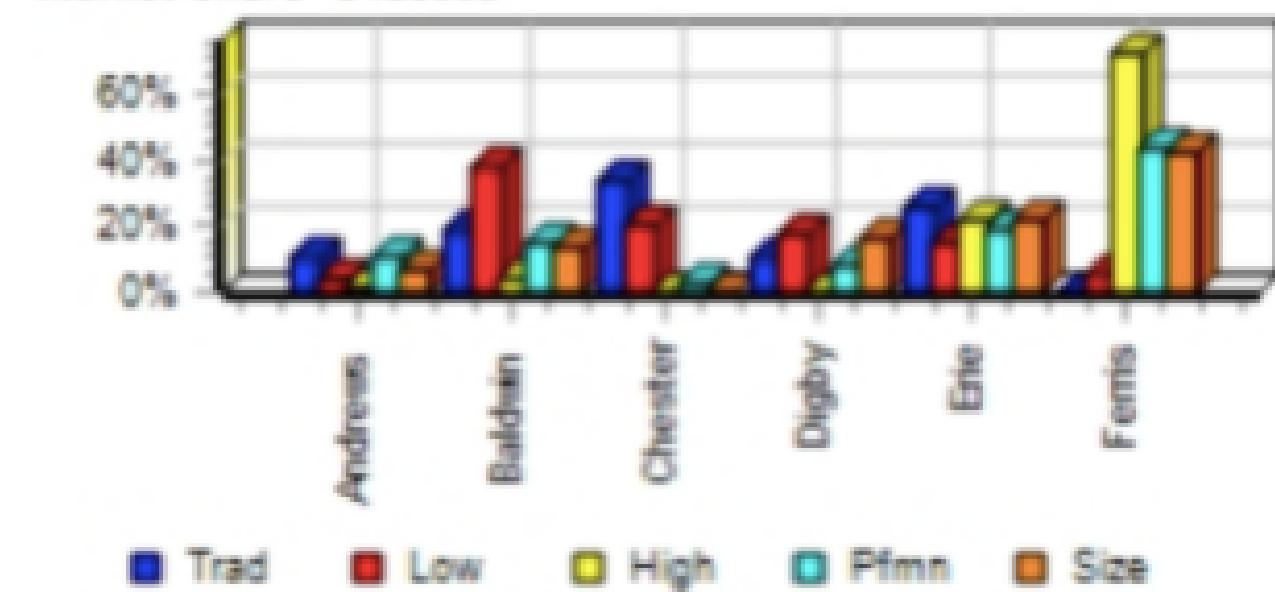
Round 6



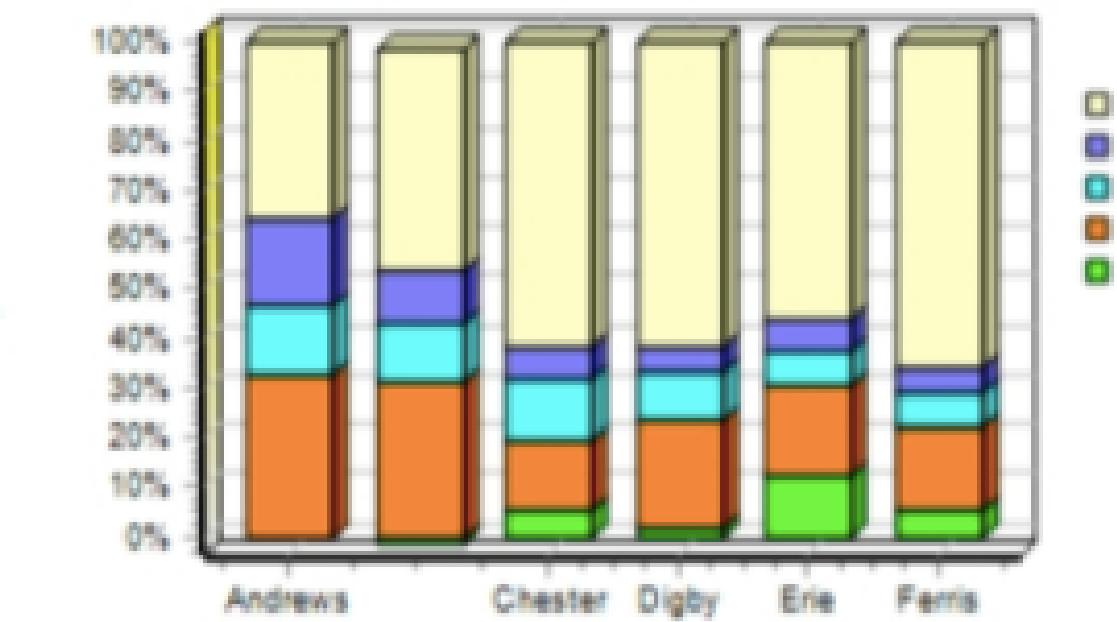
Production Vs. Capacity C129388



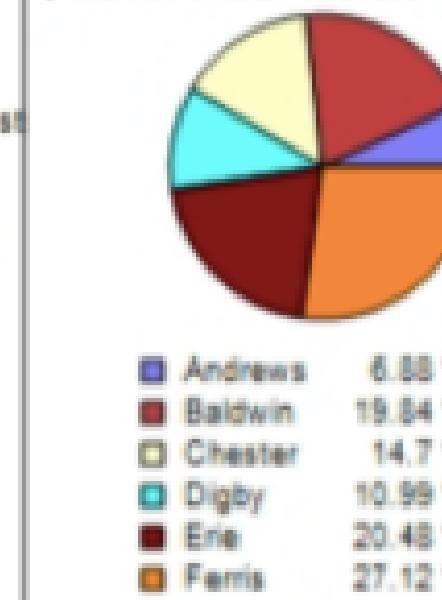
Market Share C129388



Percent of Sales C129388



\$ Market Share C129388



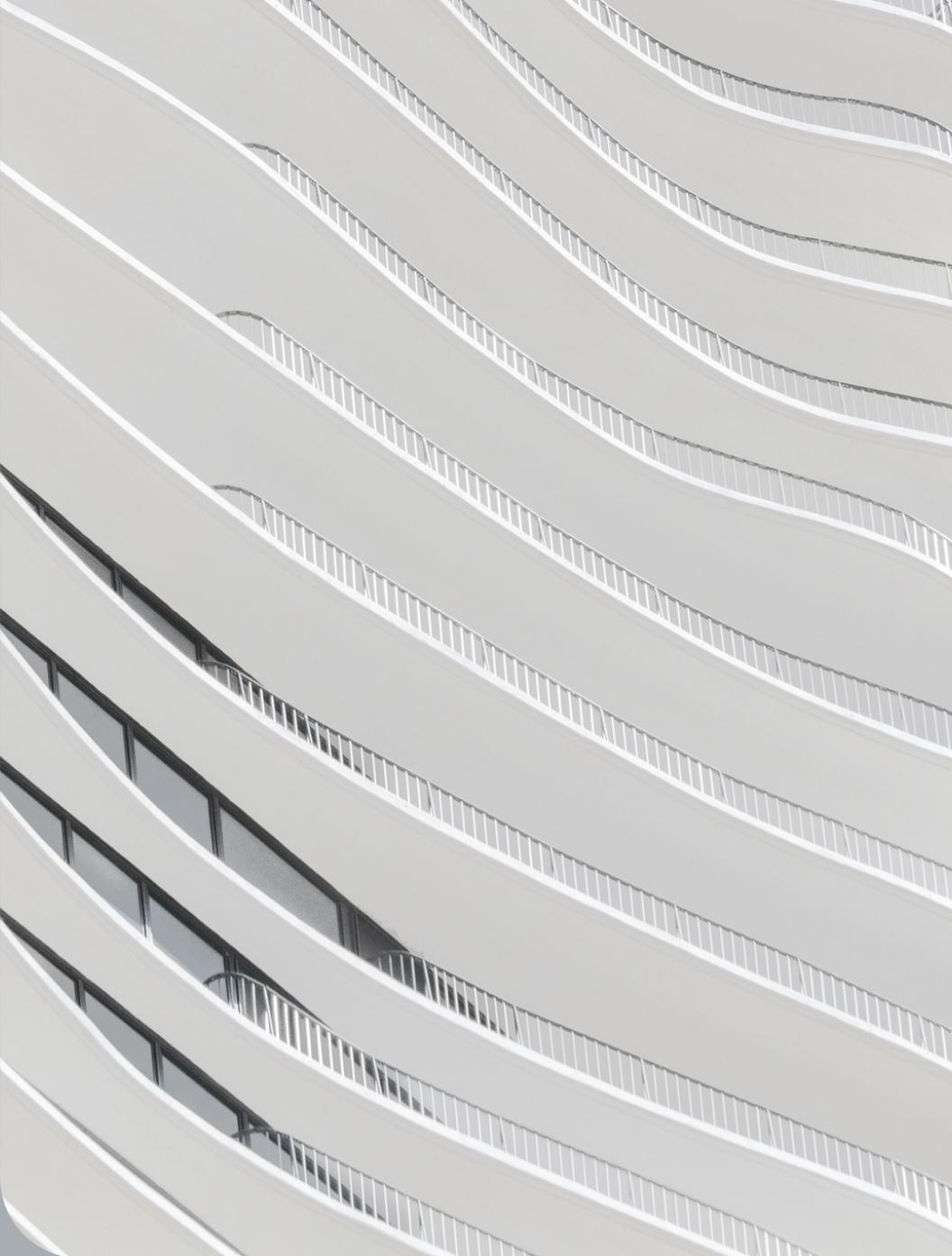
CHESTER

Results Overview



Goals

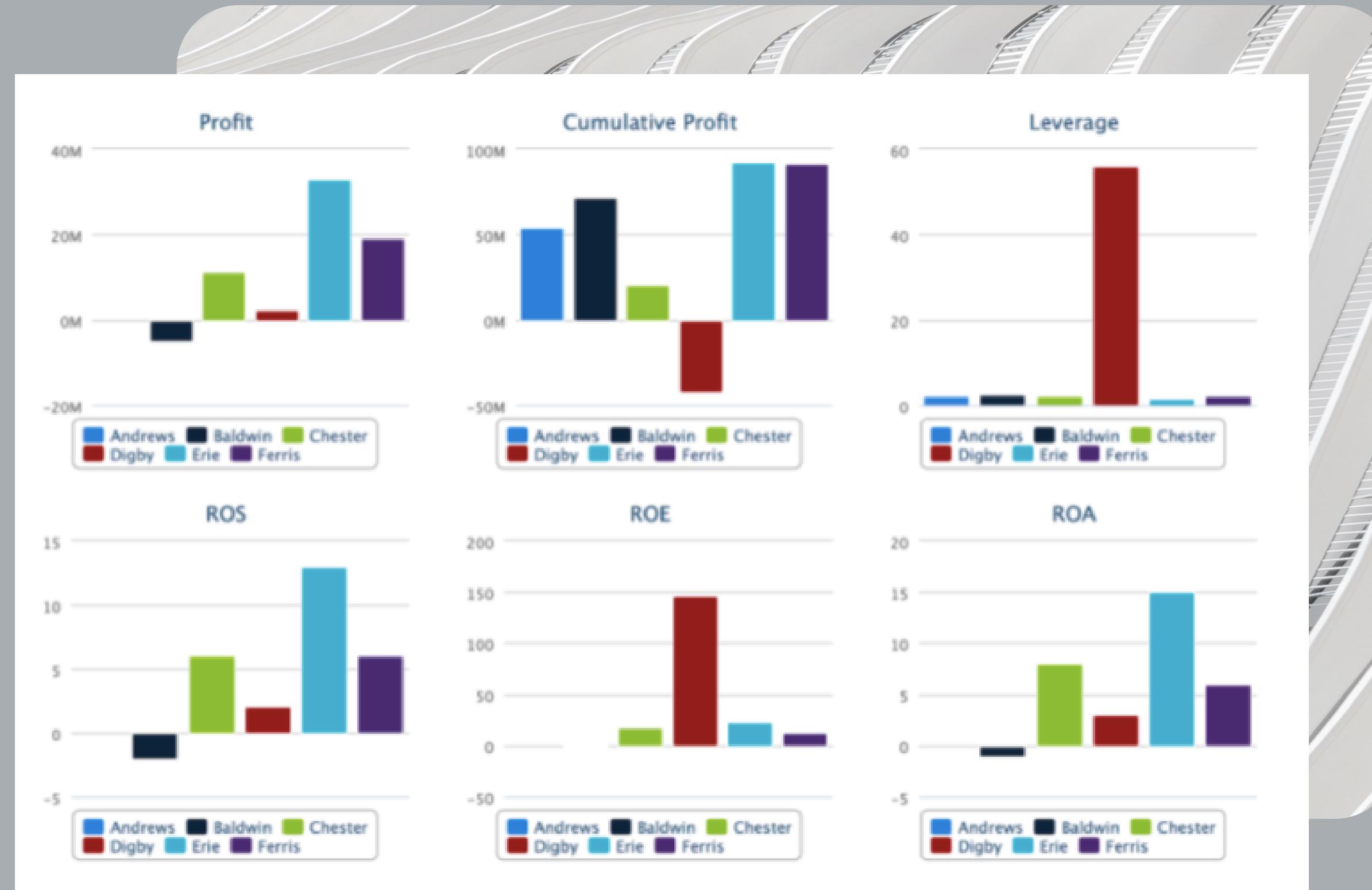
- More long term debt
- Avoid selling lots of stock
- Avoid emergency loans



Results

Stock Issue	13,000	12,100	0	0	0	0
Stock Retire	- 400	0	0	0	- 3,500	0
Long Term Debt Issue	15,000	15,600	0	0	20,000	0

CHESTER vs. the Industry



5-year income statement

Income Statement (in thousands)

	Rd 1	Rd 2	Rd 3	Rd 4	Rd 5	Rd 6
Sales	97,425	127,725	102,020	122,688	117,402	182,467
Direct Labor	30,265	39,579	29,069	32,214	33,429	59,783
Direct Material	39,249	47,550	36,899	41,488	41,312	60,098
Inventory Carry	2,483	2,929	4,103	2,883	1,511	1,401
Total Variable Cost	71,997	90,058	70,070	76,585	76,253	121,282
Contribution Margin	25,428	37,667	31,949	46,103	41,149	61,185
Depreciation	8,547	9,733	10,453	10,453	11,748	11,748
R and D	1,989	776	1,581	846	2,814	0
Promo	3,900	4,000	3,600	6,050	7,050	8,150
Sales Budget	4,000	4,000	3,800	4,100	7,600	11,300
Admin	787	1,059	1,732	2,089	1,669	4,957
Total Period Costs	19,223	19,568	21,166	23,538	30,881	36,155
Net Margin	6,205	18,099	10,783	22,565	10,268	25,030
Other	1,406	1,385	0	15,000	1,350	0
EBIT	4,799	16,714	10,783	7,565	8,917	25,030
Interest Short Term Debt	0	744	0	1,557	0	1,430
Interest Long Term Debt	7,116	8,239	8,239	6,502	7,742	6,203
Taxes	- 811	2,706	890	- 173	411	6,089
Profit Sharing	0	101	33	0	15	226
Net Profit	- 1,506	4,925	1,621	- 321	749	11,082

5-year balance sheet

Balance Sheet (in thousands)

	Rd 1	Rd 2	Rd 3	Rd 4	Rd 5	Rd 6
Cash	9,654	28,766	14,179	31,775	9,420	32,400
Accounts Receivable	8,008	10,498	8,385	10,084	9,649	14,997
Inventory	20,692	24,409	34,191	24,026	12,595	11,672
Total Current Assets	38,354	63,673	56,756	65,885	31,665	59,069
Plant & Equipment	128,200	146,000	156,800	156,800	176,220	176,220
Accumulated Depreciation	- 46,480	- 56,213	- 66,667	- 77,120	- 88,868	- 100,616
Total Fixed assets	81,720	89,787	90,133	79,680	87,352	75,604
Total Assets	120,074	153,460	146,889	145,565	119,017	134,673
Accounts Payable	6,706	7,467	6,226	5,222	5,204	9,777
Current Debt	0	6,950	0	13,900	0	10,998
Long Debt	56,700	65,350	65,350	51,450	61,598	50,600
Total Liabilities	63,406	79,767	71,576	70,572	66,801	71,375
Common Stock	31,154	43,254	43,254	43,254	41,235	41,235
Retained Earnings	25,514	30,439	32,060	31,739	10,981	22,063
Total Equity	56,668	73,693	75,313	74,992	52,216	63,298
Total Liab And Equity	120,074	153,460	146,889	145,565	119,017	134,673

Team Interaction + learning



Marina



Skylar



Simmy



Ciena



Brian



Amit

Thank You!