

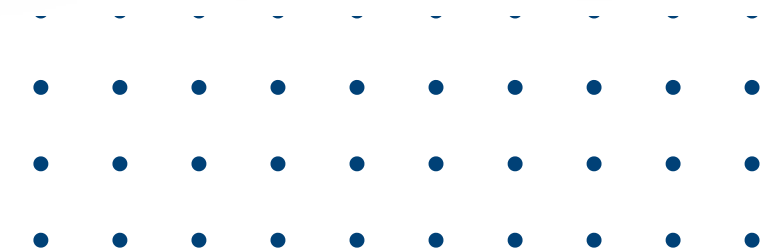
BDF DIGITAL

From Italy to the US

CISS CHEIKH TIDIANE
TOFFOLO MARIA VITTORIA
LOIOTILA CLAUDIO
CECCATO SILVIA
ABDELDAIEM SARAH

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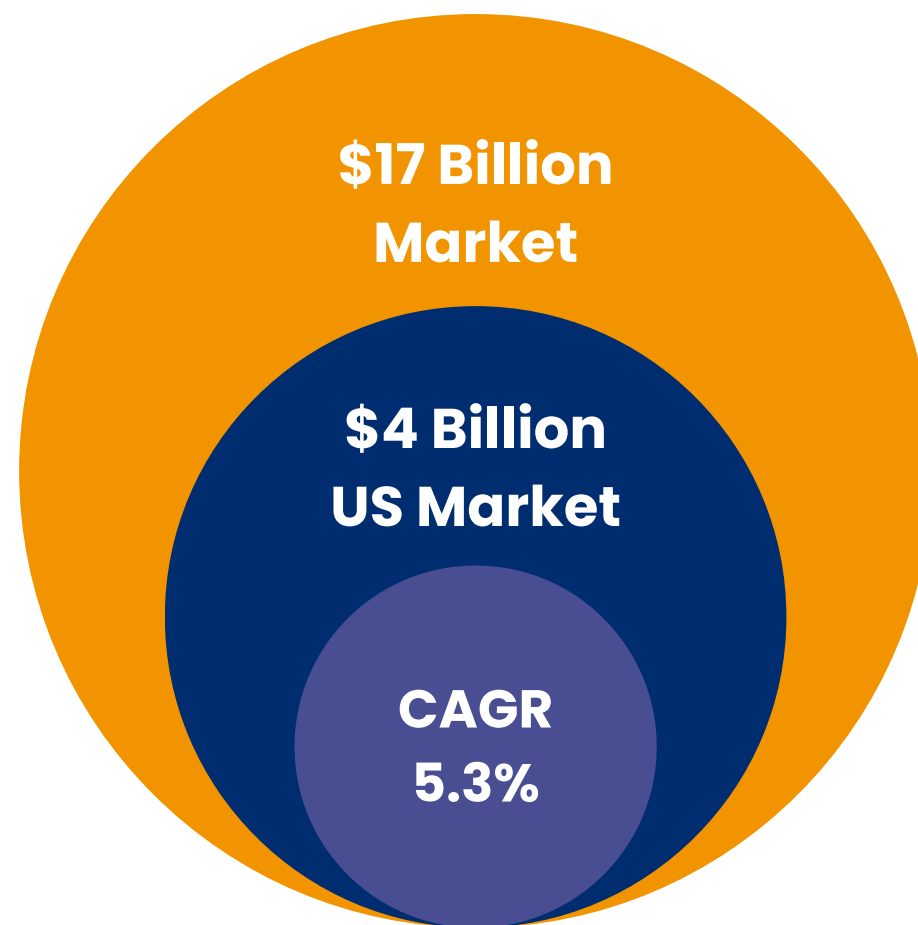
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Market Overview

North America servo motors and drives market size was estimated to be worth around \$4 billion in 2022 with a CAGR of 5.3% from 2022 to 2028.*

The market is fragmented due to presence of a large number of global and regional players and the intensity of new entrants is moderate.



Factors influencing market growth



Advancement and growth in the industrial automation industry



Regulations to improve energy efficiency and security



Demand for energy-efficient motor systems



Investments in technology and innovation

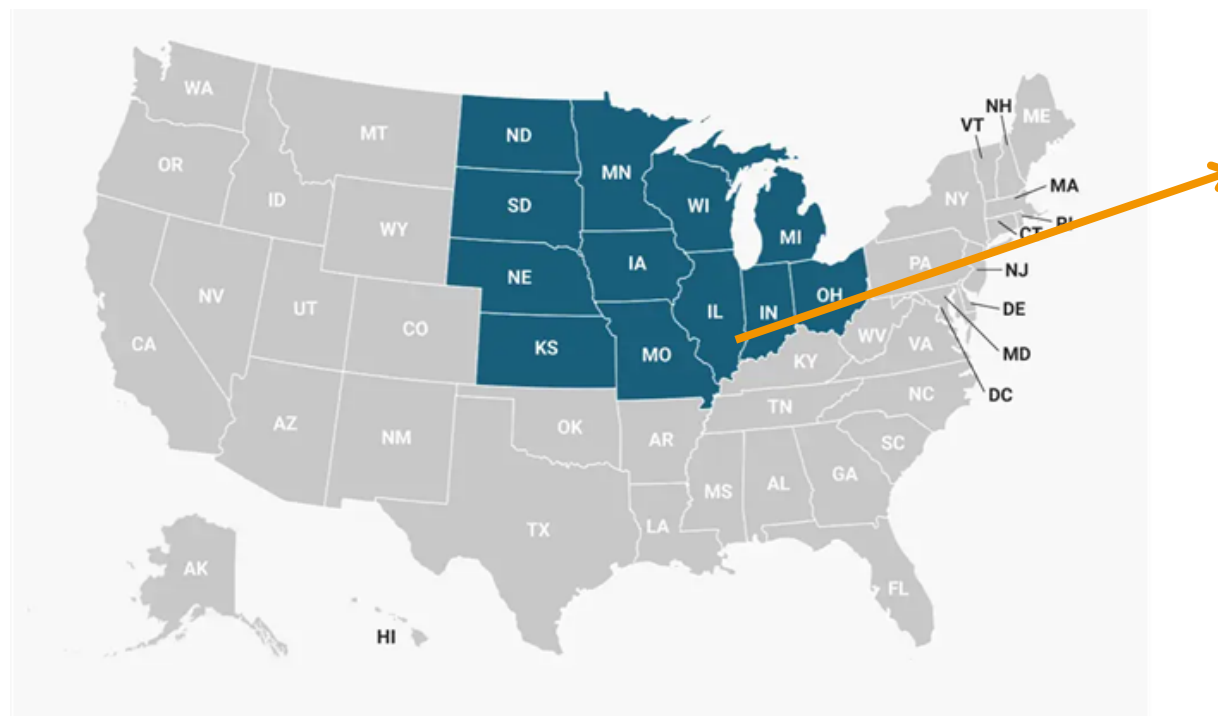


Region Analysis

Where to?

The manufacturing sector of the United States is concentrated in the **Midwest area**.

By analyzing the specialization rate, the number and growth rate of establishment, and the level of infrastructure for transporting goods, the scope has been narrowed to **Ohio, Wisconsin, Illinois** and **Michigan**.



ILLINOIS

- major manufacturing, transportation and logistic hub
- extensive rail and road networks
- proximity to waterways and biggest ports
- high level of education*

Market Concentration

Global competitors



Medium size competitors



Distributors

Presence of global competitors is strong due to high concentration of distributors in the Midwest area. However, the competitive scenario is also defined by medium and small size companies which are also wide spread thanks to distributors.

SWOT

S

- Solid and innovative technology
- Team expertise and experience
- Strategic partnerships

W

- Dependence on qualified human resources
- Limited geographic presence in the US

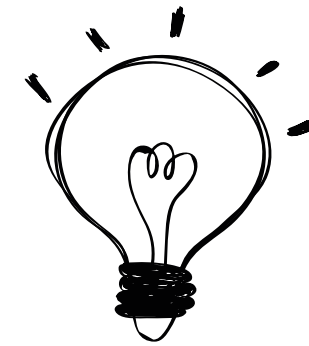
O

- High level of adoption in automation
- Growth of the servo motors and drives market

T

- Intense competition
- Rapid technological change

Challenges



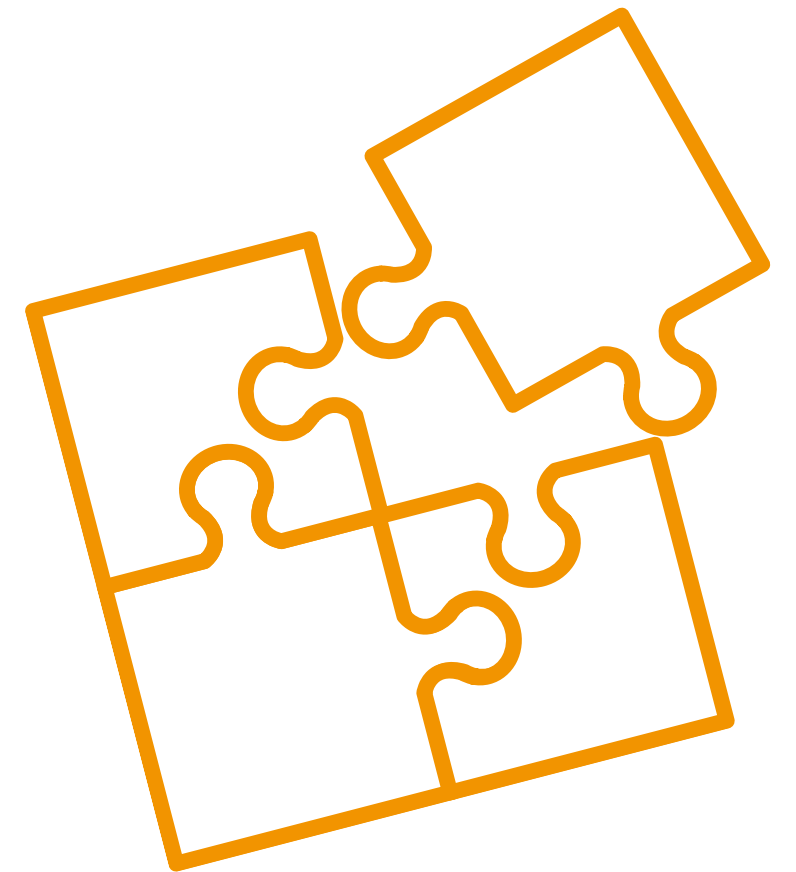
Enter the market



**Increase brand
recognition**

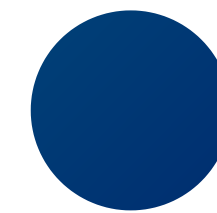


**Build a
partnership**





Our Solutions: Distributors



Role of Distributors



MARKET TREND

The global industrial distribution market was worth \$7.72B in 2022* and is expected to keep growing.

MAIN PLAYERS

Characterised by big names (e.g., Sonepar, Rexel), the USA market allows also for small-medium sized players showing the value of *local for local*.

NORTH AMERICA

The region represents the biggest market. The offline segment is pillar, highlighting the role of a vast, strategic network.

ADDED VALUE

Greater efficiency and effectiveness* thanks to the high investments in supply chain and inventory management

To answer the need for:

Entering the market Increasing brand awareness Staff promoting the product

Given the state of the American market, we suggest first creating a commercial relationship with an industrial **distributor**. Such partner would allow for a fast expansion yet localised in our key states, while promoting BDF's brand to its existing network.



*Source: Presedence Research (2023), Rosson & Ford (1982)

Potential distributors

MARSHALL **WOLF** AUTOMATION

- Location: **Algonquin, Illinois**
- Revenue: **~\$20 Mil**
- Employees: **~30**

Established in 1984, the company offers a wide range of products, including AC drives. Given its key location, we suggest offering BDF's products through its Illinois's **relationships**.

PROS

- Technical sales team
- Experience with Italian brands
e.g. Pizzato, Bonfiglioli
- **Limited drive offering**
- Limited order volume

CONS

- Discount rate
- Limited network

ADDISON ELECTRIC

- Location: **Addison, Illinois**
- Revenue: **~\$7 Mil**
- Employees: **~25**

Established in 1980, the company offers singular items but **integration** services as well. Located in Illinois, the company is able to offer a full service to its customers.

PROS

- Expertise in automation
- **True partners** to customers
- Limited order volume

CONS

- **Discrete drives offering**
e.g. Control Techniques, Hitachi, ABB
- Limited network

NEFFTM

- Headquarters: **Indianapolis, Indiana**
- Revenue: **~\$65 Mil**
- Employees: **~250**

Established in 1926, the company offers a wide range of products, including **servo drives**. This distributor owns a discrete network across different states yet BDF could allocate its product competitively compare to with large distributors.



PROS

- Expertise in automation
- BDF can join the offering
e.g. Kollmorgen, Trio Motion
- Extended network

CONS

- **No presence in Illinois**
- Higher leverage

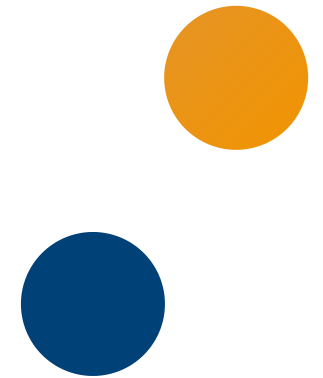
Distributors: Pros and Cons

-  Access to larger distribution networks
-  In-house technical assistance
-  Established reputation and customer list
-  Lower marketing costs
-  Logistics and inventory management

-  Heavy discounts and generous credit terms
-  Losing control over marketing and pricing
-  Lack of motivation
-  May demand an exclusive deal
-  Tariffs and exchange rate risks



Our Solutions: Equity Joint Venture



To answer the need for:

US facility



Local service



Strong partnerships





Potential Alliances



Harmonic Drive LLC

- Establishment: **1950**
- Location: **Beverly, Massachusetts**
- Revenues: **\$60–80 Mil**
- Employees: **~100**

High precision strain wave gearing and motion control with the Harmonic Drive servo actuators, gearheads, and gear component set.

Despite being located in Massachusetts, this company represents a great target for a JV.

PROS:

- Clear understanding of the product
- Relationships with distributors
- True partners to customers
- Established presence in Chicago (IL)

CONS:

- Offers some AC, DC drives
- Location
- Stronger leverage



Central Machines Inc

- Establishment: **1985**
- Location: **Lincolnshire, Illinois**
- Revenues: **\$10–20 Mil**
- Employees: **~20**

They provide custom high-speed assembly machines for virtually any industry. In particular, they specialize in the design and construction of in-line, rotary, indexing, continuous motion, power/free, and contact insertion process equipment..

PROS:

- Clear understanding of the product
- Key location
- True partners to customers
- In JV, able to get majority
- CNC expertise for future synergies

CONS:

- Smaller size
- Limited initial market



Chosen Partner



Central Machines Inc



EXPERTISE IN LINE WITH BDF 'S
OPERATIONS



ABILITY TO GET A MAJORITY
STAKE



KEY LOCATION WITH STRONG
CUSTOMER PARTNERSHIPS

LEGAL FORM LLC	BDF CENTRAL MACHINES	COST OF DOING BUSINESS
Flexibility in splitting voting rights and profits	Established network	High state tax but deductible against federal tax
Wide range of tax benefits	New market opportunities	Through time, access to tax benefits



Joint Venture: Strategic Implications

Technical barriers



BDF's manager should organise on-site training to transfer product knowledge.

Local for local



JV and partner distributor allow to service locally from sales to assistance.

Overdependence on the partner



A distributor expands BDF's reach. Brand is built separate from the partner.

Control



An expat director to instill BDF's values and facilitate integration and coordination.

Clear reporting, monthly cadence.

Cultural barriers



Corporate visits to BDF headquarters

Integration



A new integrating figure in BDF's offices to monitor and coordinate with American venture.



JV Organizational Chart

+50%

BDF DIGITAL

Company 2

THE DIRECTOR



Characteristics:

- Expat
- High interpersonal skills
- Ability to attract talent

- BDF employee
- Highly experienced
- Able to provide training

TOP MANAGEMENT

Technical Support

Operations

Sales & Marketing

Technical Assistance

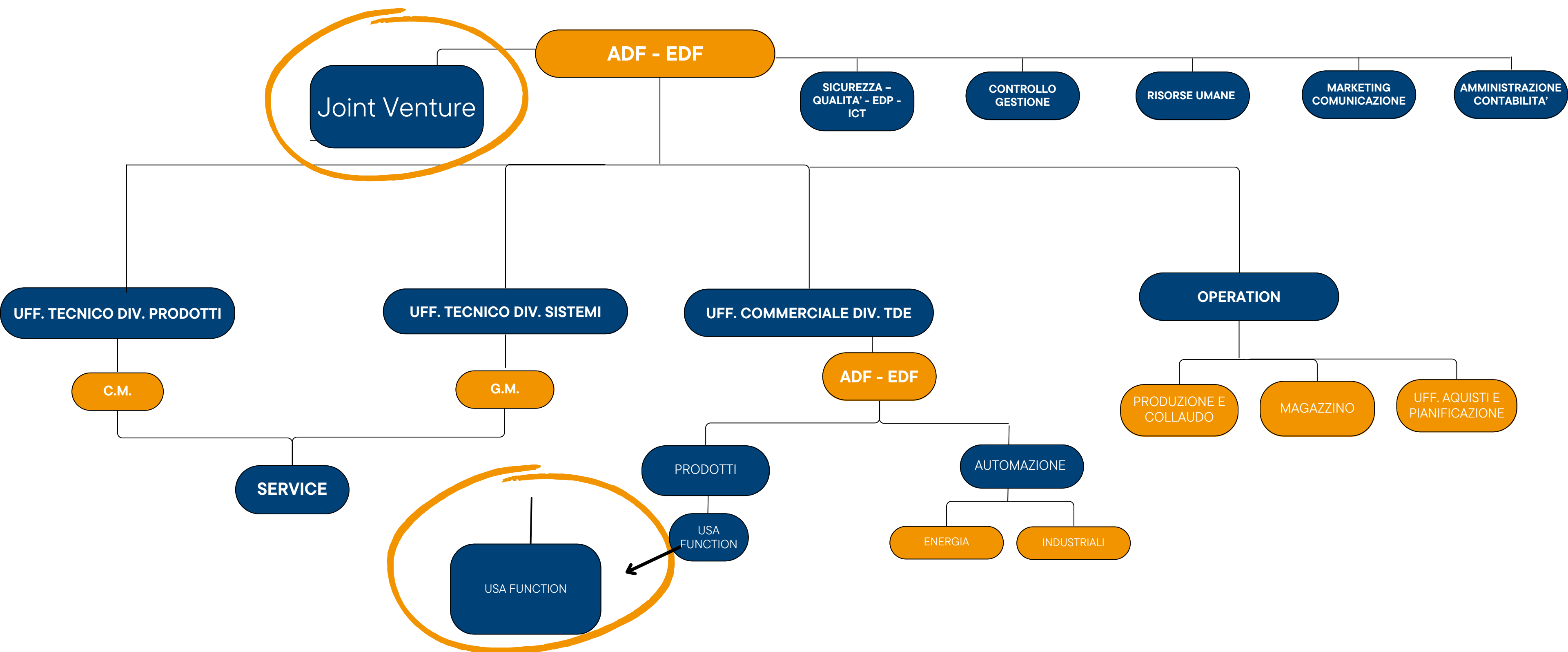
Installation

Logistics

Sales team

Marketing Executive

BDF Organizational Chart





Evolution



PARTNER

DISTRIBUTOR



MARKETING EXPANSION

TRADE SHOWS -
Automate Show



Thanks for your attention!

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