Digital Transformation and New Business Models

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What does IOT represent to Grundfos and similar companies?

**Opportunity**

**From Product to Service**
- Get close to end users
- Get direct real time access to usage and product data
- Bring new technologies around AI, Machine learning etc to work
- And deliver valuable optimization of product and customer experience directly to customers
- Monetize

**Threat**

**From innovator to laggard**
- New competitors in existing market
- Disruption of existing market rules and players
- Peripheral or laser focus? Both?
- High expectations and little knowledge
Innovation starts with the customers – how do we best help them from a business model perspective?

### Product scenario

**STATUS QUO**
- Pump breaks down
  - ...
- New pump is ordered
  - ...
- New pump is installed
  - ...
- Operation
  - ...
- New break down?

### Solution scenario

**UNDERSTANDING CUSTOMER PAINS**
- Pump breaks down
  - ...
- Customer does not have competences to operate pump?
  - ...
- Customer is offered a Pump as a service solution
  - ...
- The pump runs according to the needs of the customer
New business models: Innovation – use available products, services and capabilities to build new business models

Components and hardware
- Financial tools
- Operational risks
- Performance based risks

"manual" services
- Digital services

Customer needs
Moving from Products to Services in Grundfos for our customers

Customer

Ecosystem

New!

Pump

Pump +Service

Pump as-a-service

Water as-a-service

be think innovate
My best advice to you if you are embarking on a digital transformation journey

PEOPLE
How do we enable our teams to sell and deliver on solutions?

PROCESS
How does the future process look like & what do we need to transform?

STRUCTURE
How should we organise and measure ourselves to deliver on solutions?

SYSTEMS
What is required of systems and tools to bring in scale and automation?
Business model innovation and IoT technologies form a partnership with a strong promise for meeting the sustainability goals.

**PURPOSE**
We pioneer solutions to the world’s water and climate challenges and improve quality of life for people.

- Big data
- 5G connectivity
- IoT
- New sensors
- Machine learning and AI
- Processing capacity
- Financial tools

New business models

- Clean water and sanitation (SDG 6)
- Climate action (SDG 13)