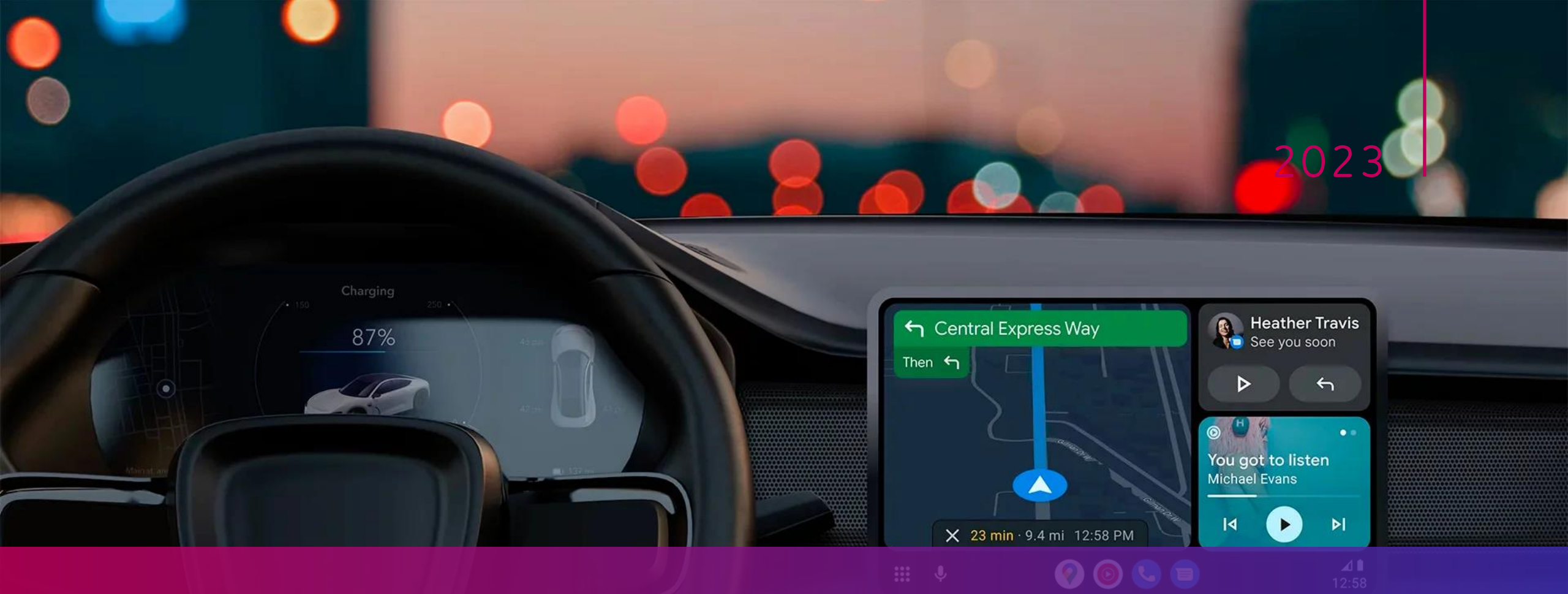

3-1 Milestone One Presentation

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Business Problem

In today's fast-paced world, technology is evolving at an unprecedented rate. Unfortunately, SNHU Motors finds itself lagging behind our competitors who have already ventured into the realm of electric vehicles. As consumers increasingly demand technology integration in their automobiles, it is imperative that we devise a strategic plan for moving forward. The question that arises is how we should navigate this rapidly changing landscape. Should we opt for a disruptive approach by developing an entirely new line of electric vehicles? Alternatively, should we adopt a more cautious approach by enhancing our existing models with incremental innovations?

Option A – Discontinuous Innovation

1. Option A - Discontinuous Innovation: This option involves creating our own line of electric vehicles or fully autonomous vehicles.

Option B – Incremental Innovation

2. Option B - Incremental Innovation: This more conservative option entails making yearly additions to our existing vehicle models.

Considering our lag in electric vehicle production compared to our competitors, I will present a compelling argument for selecting option A. This choice will ensure our competitiveness in the market and remaining relevant with our customers.

Two Potential Risks for Option A

1.The Uncertainty of Market Acceptance

Discontinuous innovation carries with it the possibility of market rejection. This is especially true when the innovation involves a completely new idea to your target market. In such cases, there might be no market precedents or customer knowledge to rely on, so the business has to rely on predictions and assumptions. Thus, the innovation has a higher chance of failing. In our case, there are market precedents to rely on because of our competitors already producing electric vehicles.

2. The Cost of Implementation

Another potential risk of discontinuous innovation is the cost of implementation. Such innovations often require significant investments in infrastructure, technology, or workforce training to be successful. This can strain a company's resources, especially if the innovation doesn't produce the expected level of return on investment.
To give an example from a different industry, Kodak, a photography company, invested heavily in digital cameras in the early 2000s but failed to integrate the innovation and change its corporate culture effectively. As a result, Kodak filed for bankruptcy in 2012.

Two Potential Benefits for Option A

1.New Revenue Streams

Discontinuous innovation can lead to the creation of entirely new market segments that were not previously reachable. By developing new products and services, businesses can expand their current customer base while tapping into previously untouched markets. This results in increased revenue and profit margins for the business. Furthermore, discontinuous innovation can also result in cost reductions that benefit the overall financial health of a business. When businesses develop disruptive technologies, they can cut costs by streamlining processes and eliminating outdated methods. Cost reduction not only allows businesses to reallocate resources, but it can also lead to more affordable products and services.

1.Competitive Edge

Discontinuous innovation often requires high risk and investment, but it can also bring a significant advantage over competitors. By joining Startup Autobahn, we can utilize the startups and OEM's and suppliers there to ramp up this innovation and to solve the problems that our competitors are experiencing. In our case, being a first mover is not always advantageous. Allowing us to see what obstacles they are experiencing, we can do it better and give our customers a better experience. Being at the forefront of a new features being implemented allows for better control of market standards, pricing, supplier negotiations, and also media coverage.

Two Potential Risks for Option B

1.Falling Behind Disruptive Innovations

Incremental innovation often focuses on refining existing processes and products, which can lead to the neglect of exploring new and disruptive technologies. This can be problematic because discontinuous innovation has the potential to drastically change the market landscape. If companies focus solely on incremental innovation, they may miss the opportunity to create entirely new products or services that could radically shift the business model.

2. Losing Market Relevance

Another potential risk associated with incremental innovation is the danger of losing market relevance. While incremental innovations enhance the existing products or services, they may not create enough value or differentiation to stay relevant in the market. Customers may quickly lose interest in a product or service that lacks clear differentiation from the competition. As a result, companies that rely solely on incremental innovation may find themselves losing market share to more innovative competitors.

Two Potential Benefits for Option B

There are actually four benefits when it comes to incremental innovation, but here are the top two benefits:

1. Minimizing Risks

Incremental innovation is a conservative approach as it involves making small changes to our existing car models for every new model year. By making small changes, we can test and validate whether we are moving in the right direction without the big investment. For companies that don't like taking on risk, this can be a proven way to avoid wasting resources on untested concepts that may prove unsuccessful.

2. Increasing customer satisfaction

Another potential benefit of incremental innovation is that it increases customer satisfaction. Incremental innovation allows companies to make small improvements that make their customers' experiences better. Small changes to products or services can make a big difference in how customers perceive them. Incremental innovation ensures that companies are meeting the current needs of their customers and improving upon them to stay ahead of the competition. By increasing customer satisfaction, businesses can also improve customer retention rates.

Our Current Products & Services

Our current customers experience seamless Bluetooth connectivity with our existing vehicles that include navigation, emergency services, smartphone connectivity to take calls hands free. They can currently connect their smartphones, GPS devices, and more. While we may not lead the industry, we have the capability to strategically position ourselves to meet the current demand and remain relevant in this innovative field.

Our cutting-edge app, does offer seamless keyless entry, remote start, and convenient access to OnStar services.

Competitor Analysis Overview

SNHU Motors offers a range of advanced technologies including navigational systems and emergency services that we share in common with our competitors. Additionally, we have developed an innovative app that enables keyless entry and remote start. While we prioritize efficiency, it's worth noting that we have fewer sensors and computers compared to our competitors.

Company	Number of Sensors and Computers by 2025	Functionality Emphasis	Current Connected Services	5–10 Year Product Plans
YSNHU Motors	65 sensors/30 computers	vehicle control, systems maintenance, entertainment, navigation, 5G	navigation, emergency services, service status	fully integrated information system, assisted driving, expanded service information, semi-autonomous vehicle within 10 years
BMW	125 sensors/50 computers	vehicle control/safety, IFTTT-customized applications and IoT connectivity, LTE	navigation, emergency services, smart house connectivity	fully integrated information system, semi-autonomous driving, connection to traffic information systems, introduction of fully autonomous driving early 2030s
Toyota	100 sensors/40 computers	vehicle control, social media, safety, entertainment, navigation, 5G	navigation, emergency services, social media	fully integrated information system; semi-autonomous driving; connection to traffic information systems, expanded social media, and communications; consumer services; maintenance; fully autonomous vehicle early 2030s
VW	90 sensors/35 computers	vehicle control, maintenance, in-car consumer experience	navigation, emergency services, consumer orders, maintenance status	fully integrated information system; semi-autonomous driving; connection to traffic information systems; connectivity with smart home; fully autonomous vehicle early 2030s

Our Competitors Current Products & Services

BMW

Fully integrated information system, semi-autonomous driving, connection to traffic information systems, introduction of fully autonomous driving early 2030s

BMW's current features in their cars include: navigation, emergency services, and smart house connectivity.

As part of their strategic expansion in electric vehicles, BMW Group has announced the upcoming release of their fully-electric models, the BMW i5 and BMW iX2. This development positions BMW as the first among competitors to offer a fully-electric model in each of their main series by the end of 2023. This will give BMW a first mover advantage to stay ahead of the curve and experience the future of automotive innovation (Diianni, 2023).

Our Competitors Current Products & Services

Toyota

To have a fully integrated information system; semi-autonomous driving; connection to traffic information systems, expanded social media, and communications; consumer services; maintenance; fully autonomous vehicle by 2030.

Toyota's current set of features include: navigation, emergency services, and social media connectivity. Toyota is ramping up production by a staggering 22% to meet the increasing demand for electric vehicles. In the previous year, Toyota successfully sold an impressive 65,467 electric vehicles, a significant improvement from the 24,000 sold in 2022.

With a clear vision for the future, Toyota has set a goal of achieving 70% sales of electrified new vehicles (excluding performance vehicles) in the U.S. by 2030. Furthermore, they aim to achieve carbon neutrality for CO2 emissions in their global manufacturing plants by 2035, and reduce absolute Scope 1 and Scope 2 GHG emissions by an impressive 68% by 2035, compared to 2019 levels.

In line with their commitment to sustainable transportation, Toyota has ambitious plans to triple their electric vehicle production to an impressive 600,000 vehicles by 2025. (Hoffman, 2022)

Our Competitors Current Products & Services

Volkswagen

Current features include the following: navigation, emergency services, consumer orders, maintenance status

To have a fully integrated information system; semi-autonomous driving; connection to traffic information systems; connectivity with smart home; fully autonomous vehicle 2030.

Volkswagen, the industry leader, is poised to take on Tesla in the electric car market with a massive $39 billion investment. They are developing their own line of electric vehicles, including impressive models like the Volkswagen ID.3 and ID.4, thanks to the advancement of the MEB platform. In addition, Volkswagen is investing in cutting-edge charging stations and building six gigafactories in Europe to secure a steady battery supply for their EVs. With this expansion, Volkswagen's future in the electric car marketplace looks incredibly promising and the leader to beat. (Energy5, (n.d.))

Partial Gap Analysis

What We Have

Current connected services include: Navigation, emergency services, service status, keyless entry, remote start

We possess the necessary technology in our current vehicles to enable our valued customers to seamlessly connect their smartphones using bluetooth. By utilizing our innovative app, customers can enjoy the convenience of keyless entry, remote starting, and OnStar services. SNHU Motors is fully equipped to deliver this advanced technology to our customers.

Partial Gap Analysis

What We Need

Our goal is to offer customers a revolutionary smartphone on wheels that seamlessly integrates with their homes. Imagine being able to turn on the lights and disable your alarm system as you drive up your driveway.

After conducting thorough market research, we have discovered that our consumers have a strong desire for fully autonomous driving capabilities by 2030.

To make this vision a reality, we need battery technology, power electronics, motor technology, charging infrastructure, and autonomous driving technology. We can get access to this technology if we join an open corporate accelerator also known as an open CA. One such open CA is Startup Autobahn. This will enable us to partner with startups and OEMs through this platform, which we can accelerate our innovation process. (Giones et al., 2021)

Innovation Approach

It is important for us to constantly evaluate our position in the market and make strategic decisions to remain competitive. After careful consideration, it is clear that Option A or discontinuous innovation, developing our own line of electric vehicles, is the optimum choice for us. We cannot afford to continue lagging behind our competitors any longer. Playing it safe will only lead to further decline of SNHU Motors. Winning in the marketplace means taking risks!

First, our recent research shows that BMW, Toyota, and VW are all well ahead of us in developing their own lines of electric cars. In order to catch up and surpass our competitors, we must take bold action.

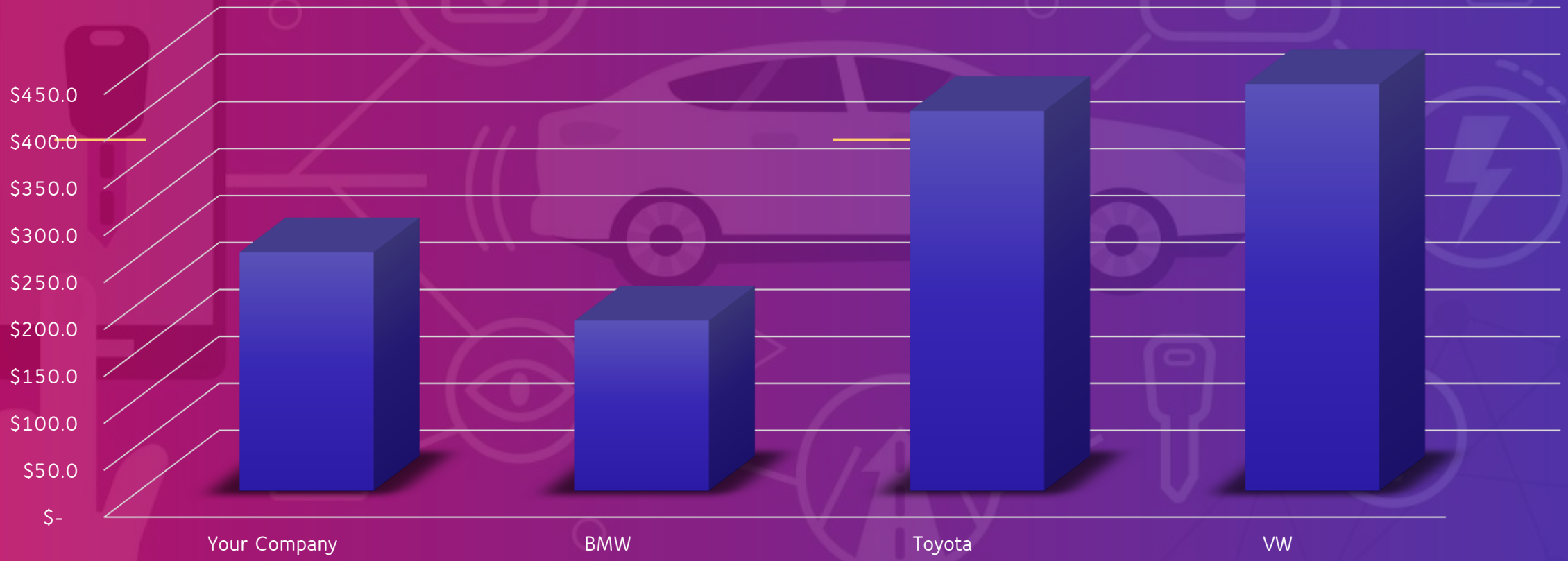
Second, partnering with an open CA such as Startup Autobahn will provide us with access to a network of startups, OEM's, and suppliers to enable us to implement this innovation at a quicker pace (Giones et al., 2021).

Third, developing our own line of electric vehicles will allow us to eventually take control of our supply chain and increase our profits.

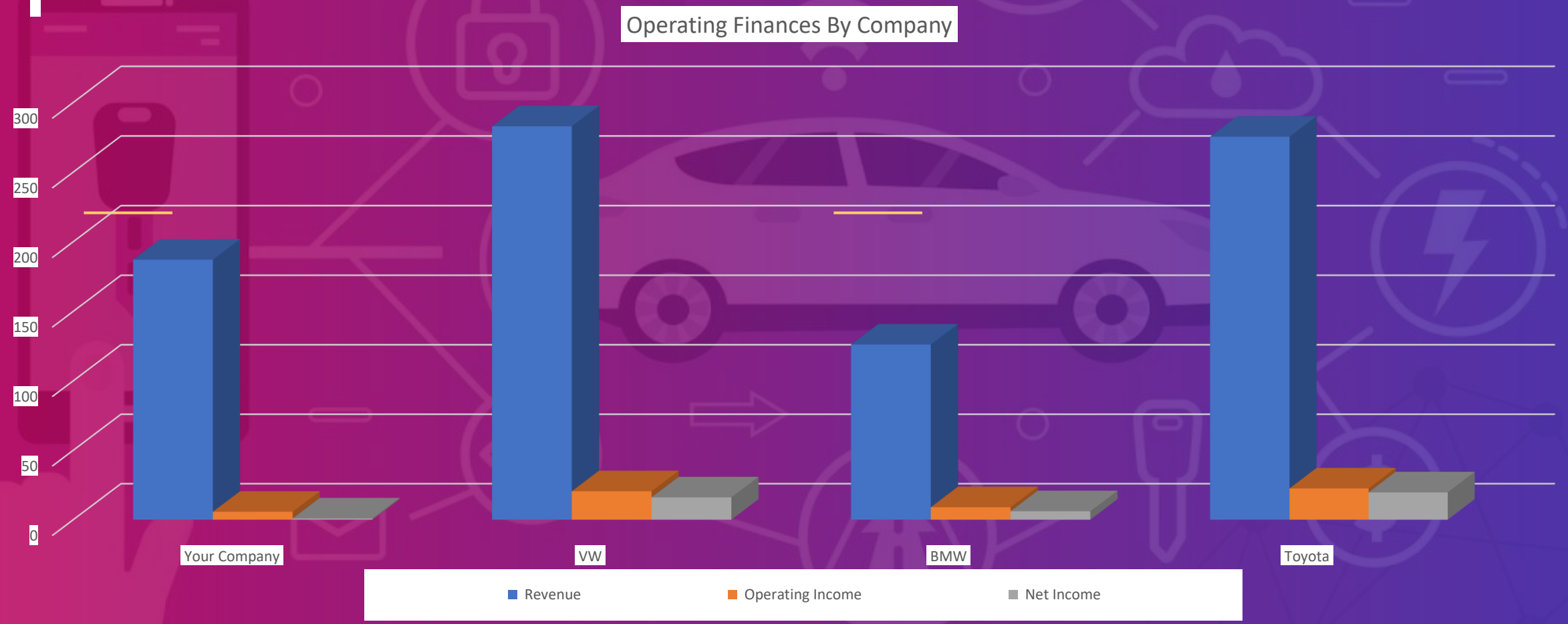
Fourth, investing in our own line of electric vehicles will position us to eventually become leaders in the green economy as we learn from the mistakes of our competitors. First mover advantage is not always advantageous!

Sales Forecasts for Marketing

Projected revenues in 2030 (billions)



Financial Snapshot for Finance



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