



LUMERIC™ Project Summaries

Project Type:

Strategy Review

Sector: Cleantech / Industrial

Company Size: \$250m

Company Position:

Niche Player

Client Level:

VP, Business Development

The Critical Decision:

Should the manufacturer of a recently launched, niche smart grid product ramp up production capacity to meet anticipated growth resulting from new federal regulations which made the technology more cost competitive?

The Answer:

No. Pending regulations should only increase the addressable market for the product from 10% to 15%-20%, thereby not justifying further expansion of manufacturing capacity.

The Discussion:

A recently-launched premium product significantly improved the efficiency of power distribution, but the cost-benefit only paid off in a small, specific set of applications for utility end-users. As a result, a profitable, high margin niche market emerged for the product since its launch in 2009. However, pending federal regulations would force incumbent competitors, which were making the product using traditional competing technologies, to increase manufacturing costs. As a result, the client wanted to understand how much more market share could be captured from the competition by this change in the market environment.

Through an extensive interview program with equipment manufacturers, industry experts, regulators and end-users, Lumeric determined that market demand would likely increase from 10% to 15%- 20% for the product due to the new regulations but it would not push the technology over the threshold for mass market adoption. 