

Strategic Plan for Genesi: North America

Genesi will be providing the San Antonio school district, in partnership with SA Yes, technology software products to incorporate technology into every aspect of the educational environment. The partnership with SA Yes will enable Genesi to provide packages that include a wireless mobile computing device for each educator and student, a productivity, communication, and presentation software for use as learning tools, and online instructional resources that supports studies in English language arts, mathematics, science, and social studies.

The package will cost anywhere from \$150 to \$250 per student. The bundled packages will be discounted from the base cost and the partnership will help alleviate the cost of the school district. The computers will be given to each student to use throughout the entirety of the year. It will alleviate the hassle of carrying textbooks and notebooks. Instead, the majority of the work will be completed and submitted to the teacher through the computer.

The vision for educational technology has been encouraged by educators and leaders in recent years. Technology's incorporation into the educational environment allows students to learn and creates environments that enhance teaching and learning. It provides students a more personalized learning experience. Interactive technologies allow students to build new knowledge by doing, receiving feedback, and refining their understanding. Technology immersion requires that curricular and assessment resources support the state's curriculum. Currently, the majority of the software used in school districts is web-based and would not be affected by the Lennox operating system.

Strategic Business Plan for Genesi North America

Team Members

Parker Moore

Hillary Adams

Will Touchstone

Tunggul Sitindjak

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II. Executive Summary

Genesi is a computer and computer services company that are low-cost and energy-efficient in order to bring technology to cultures and nations who would otherwise not be able to afford such hardware. Genesi looks to make a global impact and forever change the standard of how business is done and make the world socially aware of energy conservation through their products and services.

Genesi is not only looking to go into emerging and developing markets, but is also looking for ways to enter into the developed countries of Europe and North America. Entering into these nations presents problems with computer companies who have already established a high presence in these markets. However, by looking at how those companies emerged in these developed nations and searching for what these companies are looking for, Genesi could make their way into the marketplace in the United States and Canada to forever change how business is done at lower costs and conserving energy like never before.

To make a presence in North America, Genesi will look to introduce their products to the public schools similar to how Apple made their way into the United States in the 1990s. Since they are based in San Antonio, it makes sense to test the local San Antonio school districts to save on logistics.

In order to present these products at a low cost while still making a small profit, Genesi will partner with Say Yes to Education, a national non-profit education foundation who is committed to dramatically increasing high school and college graduation rates for our nation's inner-city youth. Say Yes look to provide support that enables every youth across America to achieve their potential. Providing low-cost and energy-efficient computers to students is a great way to help these young people achieve the goals of higher graduation rates in high school and college.

The partnership will enable Genesi to provide packages that include a wireless mobile computing device for each educator and student, with also all the tools they would need to be successful with the products and training for services. Programs could be used in English language arts, mathematics, science and social studies.

These packages will run around \$150 to \$200 per student. This bundle would be sold at a discount for Say Yes and the School District, but still at a small profit to Genesi while testing the



market. These computers will be given to the students and faculty for the entire year and could be used to solve the problem of children's backpacks weighing too much due to heavy books.

Genesi could also update their marketing from a Business to Business level in preparation for the products and services to take off beyond just school districts. This would include updates on blogs for the technologically-savvy as well as many YouTube clips with information of the products and the assets they have available to them.

The way education is being run is so different from how it was done 20 years ago, and with cuts in funding, a low-cost computer products and services at a fraction of the competition with satisfactory performance will appeal to the public school districts all across North America. The timing is perfect for Genesi to enter into a market that is still feeling the pain from the recession and could forever change how education and businesses are run if successful.

III. Vision & Mission

Vision:

Genesi envisions a global impact as well as a presence that will ultimately change the standard of business and how it is run. The goal is to build a business in collaboration with the community of open source software developers. We hope to continuously change energy-usage practices and ultimately reduce energy consumption of the community as a whole.

Mission:

To provide cost-effective, energy-efficient computer products and services based on open source software that allows both the technologically-savvy and business community to customize programs specific to their needs.

IV. External Analysis

1. Technological Segment- Applications of Knowledge: The majority of the United States and Canada are dependent upon Windows and Apple operating systems. Genesi would have difficulty entering the market for the normal consumer simply through technology because it would be difficult to get the public perception to change what they are accustomed to. The vision of Genesi is based on open-source software customizable to the user's needs. The market for open source software in the general public does not exist.

2. Demographic Segment- Income distribution: The average income in the United States is \$31,111, and the average income in Canada is \$25,363. The general public is not concerned with the pricing of computers. One of Genesi's major marketing points is the cost-efficient hardware it sells. To the public, \$200 is dispensable due to the income level per capita. It is more likely they will go out and buy upwards of a \$500 computer. This could potentially lead to a problem for Genesi in the public market. The pricing of computers is viewed by the commercial market as imperative. When buying 100+ computers, the difference in price begins to have a significant effect.

3. Physical Environment Segment- Energy Consumption/Environmental Footprint: In North America, there is an emerging trend focused on lessening a company's energy consumption and environmental footprint. Genesi is focused on the energy usage of the hardware. With no moving parts, energy usage is greatly reduced. The size and design of the products is focused towards reducing material and simplifying the structure of the internal hardware.

4. Global Segment - On a global level, Genesi has the ability to market to the general public. Its focus will no longer be on just the business community but the average citizen. In developing countries, a smart book or the Internet is unimaginable. Genesi is pairing with governments and schools to change the future of developing countries. It has an advantage over competitors in that it can produce and market a smart book for only a fraction of the cost. Because the idea of a computer is completely new to some people, the open source software will be widely accepted in other countries.

5. Political/Legal Segment - Currently there are 26 states that enforce and have state-wide recycling programs. Since October 2006, the US Environmental Protection Agency has been putting stricter regulation on the computer makers for getting the Energy Star Award for their products. These efforts of awarding only the best of the best computers are projected to be able to save 1.4 million kWh and reduce greenhouse emission. The impact of these efforts is that it would be hard for Genesi to win market share simply by being "green" since in the United States, being environmentally aware, is currently becoming the norm.

6. Sociocultural Segment- Products and Service Characteristics: Genesi is aimed towards capturing the opportunities in the commercial market within the United States. With the open source software, it is possible to cut Microsoft office out of the equation which is a huge cost savings technique for companies. It allows the company to maintain the technological infrastructure without the extensive cost. Genesi would be able to design the product specific to the need of the company. For example, at a school, all access to social-networking websites could be voided. The size of the hardware also has a huge real estate competitive advantage for Genesi.

Five Forces Model:

1. Threat of new entrants- There is currently no one doing exactly what Genesi is doing. Furthermore, there is no one on the foreseeable horizon that is going to approach this industry in the way Genesi is doing. The market Genesi is in is competitive and barriers to entry are considered high. These include Economies of scale, product differentiation, capital requirements, switching costs, access to distribution channels, cost disadvantages independent of scale, and government policy. All of these potential barriers make this industry quite hard to get into. Expected retaliation is another area that companies have to watch out for. Should Genesi become the giant that it is capable of, it is extremely likely that Google and Apple would retaliate.

2. Bargaining Power of Suppliers- Suppliers in Genesi's industry could exert power over Genesi by increasing their prices and lowering their product quality. This power is marked by selling to a concentrated industry, no substitute products, the supplier doesn't do significant business with the industry, supplier's goods are essential to sales, effective supplier goods make switching goods expensive, and when the potential integration into a buyer's industry causes a threat.

3. Bargaining Power of Buyers- Genesi's customers in this industry want the lowest possible price. As a result if they can find higher quality, greater levels of service, or lower prices anywhere else, they will. Customer power is marked by large purchasing amounts, a specific product accounts for a large portion of revenue, switching products is cheap, and the products in this industry are undifferentiated.

4. Threat of Substitute Products- If Genesi finds itself competing in an industry all its own, then there would definitely be companies ready to join in on substitute products and services Genesi would offer.

5. Rivalry Among Competing Firms- Genesi is creating an industry of they're own. They are not trying to compete head on with Apple by offering a product at a lower price.

V. Internal Analysis

The Genesi activity that adds the most value to the customer is the ability to provide a low cost and energy efficient computer product and services to price sensitive and basic level knowledge computer users.

Support Activities

1. Administrative Financial Infrastructure-Very cost-effective in producing products. Few managerial and employee teammates.

2. Human Resource management-Inconsistent policies as leader makes all final decisions. Maybe could give more freedom of decisions to employees.

3. Product and Technology Development-Technology is very basic and not very flashy. Is a great buy for the price to the average client.

4. Procurement-Very low cost to produce.

Primary Activities

1. Inbound Logistics-Suppliers are very basic at the moment, because need for products is not extremely high.

2. Operations-Economies of scale will be a great obstacle to overcome. Production of products could one day get more efficient.

3. Outbound logistics-Delivered to clients by FedEx. Will expand when demand increases.

4. Sales and Marketing-Needs highly trained sales force and not have management deal with all these issues. Needs more informational advertising for business-to-business sales such as YouTube and online blogs. Sales points should be that they provide all the needs of the consumer targeted while being energy efficient and at a very low cost.

5. Servicing-In house services.

Outsourcing or Partnering (Optional section)

Will want to partner with Say Yes to Education to introduce the products and services to the public schools while bringing strong publicity to both companies and keeping the introduction profitable to Genesi

VI. Business-Level Strategy

Customers/ Target market

The initial target market in the US will be the schools, university, and other institutions in the non-profit and education sectors. The schools will be the primary target since the younger audiences will be more accepting to new products and has not developed any emotional attachment toward the brand. The first city targeted will be primarily focused on the school districts of San Antonio and the surrounding areas, the home base of Genesi. If successful, the product will be brought to cities with similar demographics to San Antonio across the southern border states of United States. Dominance in this segment will allow the next product generation to be accepted into the more general consumer market

Our Products

We are selling a low-cost solution to address the issues of improving the IT of the targeted organizations. We are not primarily selling the hardware, rather the cloud capability of The low cost of the product will still be used as the primary advantage and the selling point to the organizations; however, low cost and low price will not be a sufficient to sell by themselves in the US. Similarly, functionality alone will not be adequate to sell products in the US/ Canada unless the functionality is exceptional for its price. For instance, one functionality advantage of Genesi products that will really sell in the US market is their weight feature. According to the Genesi website, the Efika Smartbook weighs 900 grams or 2.05 lbs. For a netbook, this feature is rare for products with its price range. In the US laptop market, laptops/ netbooks with a similar lightweight feature typically range from \$300 up to high \$700 to \$1,400. Same advantage can be said of the Efika Smarttop in its desktop product category.

Manufacturing and Distribution

As of this date, Genesi's product hardware is and will be manufactured in China to ensure the lowest cost possible. For distribution back to the US, Genesi currently uses and will continue to use the services of FedEx Co. to cover its logistical duties.

Customer Relationship

There will be three improvements brought for improving the customer loyalty of the current consumers as well as for improving the reach and connection to both the current and potential customers.

Currently, there are a few videos loaded in the website Youtube showcasing Genesi product;



however, they were uploaded by independent channels that recorded from consumer electronic shows or exhibitions. Our plan will include new Youtube channel that includes comprehensive videos that demonstrate the details of products. We also want to showcase the newer products through video websites such as Youtube and through Facebook's sidebar-advertising. The Youtube channel will be used to upload video trailers of upcoming products. The implementation in Youtube will virtually cost free. The sidebar advertising in Facebook will cost relative to the target audience and the geographical cover; Facebook defines the cost as "cost-per-click" (CPC)/ the cost-per-thousand (CPM).

We also would like to create a forum in the Genesi-USA website that deal with technical issues. Based on the interview with Genesi, the current website allows consumers/ website visitors to make an account, but they must first be approved by the moderator. The user-account creation should be simple and have an approval-system that will create an account without the oversight of the website moderator. We suggest that a program/ bot moderator to simplify user account creation experience allowing the consumers to address their actual and urgent technical issues and get a satisfactory solution.

Last, we also would like to suggest a newer approach of maintaining customer relationship, a chat feature in the home page of Genesi-USA. Currently, Baylor Libraries implement a chat feature to help students connecting to the available librarians finding relevant books and websites to make their research process easier. We consider this to be an advantage that can easily be used to improve the website.

Promotion

Since Genesi USA will target the businesses (the non-profit educational institutions), we will be using one of the primary business-to-business marketing technique, personal selling. This will require a competent sales force that is both knowledgeable about the products of Genesi as well as engaged in the institutions targeted. Initially, potential candidates of such sales force can be recruited from the current users of Genesi products who show up or purchased the products from the previous exhibitions that Genesi participated at.

VII. Competitive Dynamics

The competitors of Genesi are companies focused on computer based products and services. More specifically, companies that are changing the way businesses approach computer technology and communications. In the long-term, Apple and Google have been stated as Genesi's two most formidable competitors.

At this point in time, the market commonality of Genesi is different from most competitors for the United States and Canada. Genesi is focused on implementing its products first through schools using non-profit educational organizations. Apple and Google are concentrated on constant innovation.

Apple continues to dominate the market where only the cutting edge can stay in first place. It is predicted they will continue to increase the growth and revenue of the firm with no foreseeable end in sight. Google continues in the innovation process with new products and services. It now offers Google Chrome and other web-based applications that are increasingly popular. Google also offers laptops that are available for rent with all Google services and web access.

First-mover incentives are imperative in the computer technology world. The benefits of being a successful first-mover are substantial. The fast-cycle market that Genesi is placed in makes it impossible to sustain a competitive advantage for any length of time. Genesi has created a product unlike any other offered in the United States or Canada. It offers a product run with Lennox that is a third of the price of any competitor's computer. This is both an advantage and disadvantage to Genesi. The toughest thing is going to be getting users familiar with Lennox. The learning curve of the software is going to be a disadvantage in North America because users are so familiar with Apple and Windows.

Genesi does have the advantage of being a smaller firm. It has the ability to launch competitive actions more quickly than Google or Apple. Genesi is more flexible than any of its competitors and must rely on speed and surprise to defend their competitive advantage while also developing new ones.

VIII. Corporate-Level Strategy

Parenting and diversification modes

As Genesi is trying to increase its presence on a global level corporate-level strategy becomes more and more important. While, it may not matter as much for Genesi when considering the American and Canadian markets, it will be crucial for other countries and continents. We believe that Genesi uses a single-business diversification strategy. Under this strategy Genesi derives 95 percent or more of its profits from on specific business area. It might be worthwhile for Genesi to work on some value-creating diversification. While Genesi does have some economies of scope, it misses out on some of the other benefits that it would reap from diversification strategies. Some of these benefits include market power, financial economies, risk reduction, diversifying managerial risk, etc.

Current debate at Genesi

With Genesi's current strategy and the way their products are geared towards customers and businesses, it would probably be best for them to pursue "smaller" deals. Because Genesi is attempting to make itself present in multiple countries and continents, it needs to make what deals it can with whoever is best catered to their products in that area.

The industry that is best for Genesi to target in America is the business to business industry. Specifically within this sector Genesi should target the educational sector. There are a lot of promises and specific needs that Genesi can fulfill within this niche. Genesi needs to target non-profit organizations having to do with education and school districts. This for example, will not be a huge sale for each deal. Most of these deals would most likely be in the hundreds or, at the most, thousands. This is why it is important that Genesi does not get caught up in trying to sell as many units as possible but makes the best deals that it can with the specific group that it caters to in that geographic region.

IX. Project Wrap

Now we have to see the 'rubber meet the road'. How much will it cost? What are the risks?

Simple Financial Plan

Income Statement for Genesi (for an individual school district in San Antonio)

December 20x1

Revenue:

Computer Sales (\$150/computer)	\$750,000
Software Services (\$25/computer)	125,000

Expenses:

Cost of Computer (\$120/computer)	(600,000)
One time implementation costs per school	(50,000)

Net Income:

\$225,000

Break-Even Point= \$130 per computer

Long-term ROI expectation=

After 25 years you could have \$583,583.74.

Your original investment of \$100,000.00 plus your annual investments could be worth \$583,583.74 after 25 years. This assumes an annual rate of return of 8.0% and all of your annual investments happen at the beginning of the year. All values are shown before inflation is taken into account.

Input Summary

Years	25
Rate of return	8.0%

Initial investment	\$100,000.00
Annual investments	\$1,000.00
Inflation rate	3.10%
Tax rate	15.0%
Show actual values?	yes
Adjust annual investment for inflation?	no
Show all values after inflation?	no

Results Summary

Compounded interest return	\$266,483.74
Simple interest return	\$192,100.00
Total invested capital	\$125,000.00
Investment final total	\$583,583.74

Investment Balance by Year

Year	Annual investment	Taxes	Net Return	Total
0	\$0.00	\$0.00	\$0.00	\$100,000.00
1	\$1,000.00	\$1,212.00	\$6,868.00	\$107,868.00
2	\$1,000.00	\$1,306.42	\$7,403.02	\$116,271.02
3	\$1,000.00	\$1,407.25	\$7,974.43	\$125,245.45
4	\$1,000.00	\$1,514.95	\$8,584.69	\$134,830.14

5	\$1,000.00	\$1,629.96	\$9,236.45	\$145,066.59
6	\$1,000.00	\$1,752.80	\$9,932.53	\$155,999.12
7	\$1,000.00	\$1,883.99	\$10,675.94	\$167,675.06
8	\$1,000.00	\$2,024.10	\$11,469.90	\$180,144.97
9	\$1,000.00	\$2,173.74	\$12,317.86	\$193,462.83
10	\$1,000.00	\$2,333.55	\$13,223.47	\$207,686.30
11	\$1,000.00	\$2,504.24	\$14,190.67	\$222,876.97
12	\$1,000.00	\$2,686.52	\$15,223.63	\$239,100.60
13	\$1,000.00	\$2,881.21	\$16,326.84	\$256,427.44
14	\$1,000.00	\$3,089.13	\$17,505.07	\$274,932.51
15	\$1,000.00	\$3,311.19	\$18,763.41	\$294,695.92
16	\$1,000.00	\$3,548.35	\$20,107.32	\$315,803.24
17	\$1,000.00	\$3,801.64	\$21,542.62	\$338,345.86
18	\$1,000.00	\$4,072.15	\$23,075.52	\$362,421.38
19	\$1,000.00	\$4,361.06	\$24,712.65	\$388,134.03
20	\$1,000.00	\$4,669.61	\$26,461.11	\$415,595.14
21	\$1,000.00	\$4,999.14	\$28,328.47	\$444,923.61
22	\$1,000.00	\$5,351.08	\$30,322.81	\$476,246.42
23	\$1,000.00	\$5,726.96	\$32,452.76	\$509,699.18
24	\$1,000.00	\$6,128.39	\$34,727.54	\$545,426.72
25	\$1,000.00	\$6,557.12	\$37,157.02	\$583,583.74

Risks and Mitigation Plans

1. Financial Constraints-We're looking for a partner to aid in this area to keep Genesi profitable and still "give away" products and services to the public schools in Texas.

We plan to counteract this with a partnership that will pay at least the majority of the costs to bring the computers into the schools at a very low price. This will be bought from the partner at a discount, but will still be profitable to Genesi.

2. Partnerships-Look for a company with a similar vision as well as management who will work cooperatively with Genesi. This can be a difficult task to research and implement effectively.

Complete all the necessary due diligence to select an effective company or firm before making any decisions. After completing all the necessary information, effectively implement the partnership.

3. Competition-The competition may already have to great of a presence for Genesi to enter. Many competitors such as Dell and Apple already have contracts with public schools to supply with products. There may be a high barrier to entry, however, we do offer essentially the minimum requirements public schools need to use and at a fraction of the price the competition offers.

To compete with Dell and Apple, Genesi will have to offer some type of product differentiation. This would most likely be power efficiency and low cost products available in bulk.

4. Sustainability-Being able to continuously provide the products the education departments may want needs to be unique in some way. This includes Research and Development.

To maintain an effective plan in the US, Genesi will have to continue to provide innovative, effective products that meet the needs of the schools. This has to start with Research and Development. Genesi's technological staff should have no issue here.

5. Reputation-Schools may find out that the products and services Genesi offers would not be up to par with what they are looking for in a computer. This could also work to Genesi's advantage if the schools find these products and services satisfactory and could rapidly increase in sales.

Continue to improve upon the necessary programs that schools would need to use. Without an effective product, Genesi will lose credibility. Thus, it will be crucial that Genesi's second generation of hardware provide all the necessities and amenities to satisfy the requirements of web-based education.

Measurement of Success

Since Genesi is a small computer firm, it will not be measured primarily by its market share in the industry. Rather, it would be measured by the firm's annual growth.

- A substantial number of contracts with school districts
- Constant feedback from the customer to ensure consumer value
- Dominate as the technology provider for lower income public school
- Increased sales among younger generation in lower income families
- Begin to infiltrate the general public as a computer technology provider

X. Appendices

- Technology Immersion Plan Brochure
- Email sent to SA YES in San Antonio, TX



Technology Immersion Plan

Cost of Program: \$150-\$200 per computer

The package will include:

- Wireless mobile computing device for each educator and student to ensure on-demand access to technology
- Productivity, communication, and presentation software for use as learning tools
- Online instructional resources that support state curriculum in English, mathematics, science, and social studies
- Initial and ongoing technical support for all parts of the package

Genesi will provide the technology necessary to incorporate virtual learning into the educational environment. This program has been proven to provide students an enhanced teaching and learning environment. It creates a more personalized learning experience and allow student to build new knowledge by doing, receiving feedback, and refining their understanding.

Technology immersion requires that curricular and assessment resources support the state's curriculum.

Please contact Genesi North America for more information regarding the technology immersion program:

Genesi USA, Inc.

Attention: Bill Buck
200 Patterson Ave.
San Antonio, TX 78209
USA

Tel: 1-210-829-5500 Fax: 1-210-829-5426

To: Info@sayes.org



Subject: Technology grants sponsored by Genesi

To whom it may concern:

I am a student at Baylor University and for my strategic management class we are working with Genesi, a technology and computer hardware company based out of San Antonio, TX. We are working with Genesi to help them find a way to implement their computers into the marketplace and to help their product become more successful in the United States.

We are looking to partner with a non-profit organization in San Antonio to provide smartbooks to children in the San Antonio school districts. The packages would include a wireless mobile computing device for each student and educator, a productivity and communication software for use as learning tools, and online instructional resources that support the state curriculum.

I feel confident Genesi would be willing to sell these packages at a price of less than \$200 per student, where competitor costs range from \$1,100 to \$1,600.

After looking into non-profit organizations in San Antonio, my group has decided the SA YES foundation could be just the organization we are interested in partnering with. If you have any questions, please contact me at Hillary_Adams@baylor.edu. I am very interested to hear your opinion or if you have any ideas that would further our project.

Thank you for your time,
Hillary Adams
Hillary_Adams@baylor.edu

External Analysis

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