Fra produktsalg til tjenestesalg, styrets påvirkning for endring av forretningsmodell

1. November 2016
APTOMAR

Company overview
ABOUT APTOMAR

• A leading provider of integrated field monitoring systems for the oil and gas industry

• Our objective: Improving safety, creating value and reducing cost

• Our team: Master mariners, Marine Biologists, Hardware and software Engineers
INTERNATIONAL FOOTPRINT
DElivered Over 100 Field Monitoring and Oil Spill Management Systems Worldwide Since 2008
INTEGRATED FIELD MONITORING
Services, systems, sensors

The objective:
Improve safety, create value and reduce cost
INTEGRATED FIELD MONITORING
A holistic approach to safeguard people, the environment and assets

Environmental Monitoring
- Oil spill detection
- Oil spill combating
- Documentation and reporting
- 2nd line response
- Exercises and training

Traffic and vessel management
- Vessel on collision course
- Logistics and vessel optimization
- Surveillance and security
- Anti-piracy
- Exercises and training

Search and Rescue
- Search and retrieval of people and assets
- Exercises and training

MetOcean
- Weather
- Wind, currents, waves
- Safe approach and navigation

ICE management
- Ice detection and monitoring
- Ice towing and deflection
- Ice map / ice charts
- Ice forecast
- Safe navigation
- Exercises and training

- Analysis and Studies
- Sensors
- Software
- 24/7 Services
- Emergency response
- Training
Analysis, feasibility studies and reports

- Environmental risk analysis (MRA)
- Emergency response analysis (BA)
- Feasibility studies
  - Oil spill detection
  - Remote sensing
  - Oil spill combating
  - Traffic monitoring
- Bridging documents
- Processes and procedures
SENSORS

Aptomar to Install, connect and manage needed sensors to meet customer specifications

- Multiple sensor sources for detection and verification
- Utilize existing sensors
- One common operating picture

Available Data Input

Available viewing locations

SECurus

Aerials

Satellites

Aerostats

Mobile Devices

Web viewer

Additional Ops Rooms

Aptomar

CGM AB

Tel: +46 33 22 95 00
DEcision Support Systems

All sensors connected to a set of decision support systems for the onshore, offshore or aerial operations

- Field monitoring decision support system configured and set up based on functional requirements
- Easy integration into existing management and monitoring set-ups
Aptomarin - 24/7 Support and services

Monitoring, notification and reporting; delivered as a turn key OPEX service

- Environmental monitoring (OSD)
- Sea Surveillance (havovervåking)
- Logistics and vessel management
- Birds and mammals monitoring
- 2nd line emergency response support
FIELD MONITORING AND EMERGENCY RESPONSE
control, reduce risk and consequence, collaboration

One system and partner managing both the daily monitoring and the emergency response operations. A common operating picture is created to connect resources, roles and organizations.
SERVING THE INTERNATIONAL OIL AND GAS INDUSTRY

- Products and value proposition with a high degree of HSE
- Established in markets that have a “mature” HSE and contingency level
- Regulations and specifications are the key to getting into the markets
  - Governmental
  - Industry
- Challenging balance between offering nice-to-have or must-have products
Aptomar

Managing transitions between megatrends (in the oil and gas industry)
Our journey

• Between 2005 and 2016
  • Aptomar have experienced and have had to adapt to THREE “oil and gas megatrends”
  • Transformed from selling equipment, to offering a “common operating picture”, to delivering services
  • Moved from a CAPEX to an OPEX product offering
  • Experienced (and in the middle of) a consolidation in the oil and gas industry

• During this period we have had to
  • Adapt, but keep a clear focus on market trends, strategy and the way forward; goals and critical success factors
  • Clear communication and shared vision of the future with employees, our investors, the bank and our partners
  • change the professional profile of the company; different skillsets for different phases
  • re-brand the company and its value proposition
APTOMAR AS

Transition from sensor to system supplier

Foundation for growth

Transition from system to service provider

Aptomar Total income - 2008 to 2016 (prognosis)
2005 - 2016

Adapting to change
Market entry due to of first Megatrend

The building block of the company

- Realized quickly that idea was not sustainable, and through close dialog with the oil and gas industry, moved towards sensors for managing emergency response operations (the SECurus)

- During the development, we felt it was crucial to keep the operator in focus, how to manage strengths and weaknesses of the human mind (and anatomy) in high risk and stressful situations

- Aptomar focused on design driven innovation: To create an interface between the technology and the decision maker which enabled faster and more fact based decisions

- February 2007: Aptomar demonstrated its first touch based user interface, with tools and presentation of the data adapted to our “human weaknesses” and strengths
But, we were first!

- 29. June 2007, this product was launched into the consumer market...
- A megatrend!

By mid 2016, more than 1,000,000,000 units have been sold worldwide.
Aptomar – rapid growth

- 2005 – 2007 – Concept development, establish customer relationships, funding
- 2008 – Development and pilot deliveries
  - Aptomar developed the SECurus sensor together with Statoil and ENI
  - Revenue 10 Million NOK
Aptomar – rapid growth

- 2009 and 2010 – The SECurus sensor for oil spill vessels
  - Aptomar sold the unique SECurus sensor for
  - Mandatory oil spill sensor for several national and international oil companies
  - Revenue 2009: 12 Million NOK  2010: 30 Million NOK
Primary customer value proposition:
A SENSOR FOR OIL SPILL COMBATING
Detection of second Megatrend

During the period 2008 to 2010 we learned and noted that

- Maritime and offshore internet was getting better faster and cheaper (from 64kbps at 50 000 NOK pr month, to 512kbps at 20 000 NOK pr month), and more of the offshore installations got fast network connections (and hooking the vessels up to it)

- Emergency response is managed and rigged the same way as warfare, where enormous investments have been (and is continuously) taken to enable information sharing (intelligence) and a common operating picture (command and control)

- With increasing access to the offshore data, we saw the opportunity (and felt it was a natural next step) to go from offering hardware, to offer a common operating picture for emergency and response

- The TCMS concept and product was conceived, developed and introduced into the market
  - Tactical information, independent of location, in real time
Aptomar – (again) rapid growth

• 2011 to 2013 – Supplier of Tactical Management Systems
  • Transition from sensor to system supplier
  • Aptomar is delivering tactical management systems, enabling a common operating picture, for oil spill preparedness, Surveillance and Security, Search and Recovery
• 2011: 70 MNOK   2012: 84MNOK   2013: 68MNOK
**Snart 10 000 ansatte i teknologibransjen**


**Vekstvinnere i Trondheimsregionen 2011**

<table>
<thead>
<tr>
<th>Firma</th>
<th>Omsetn. 2010</th>
<th>Omsetn. 2011</th>
<th>Vekst</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Dynamic Rock Support AS</td>
<td>511</td>
<td>22 651</td>
<td>4333 %</td>
</tr>
<tr>
<td>2. Verdamde Technology AS</td>
<td>2 169</td>
<td>21 092</td>
<td>872 %</td>
</tr>
<tr>
<td>3. Zedel Europe AS</td>
<td>1285</td>
<td>10 042</td>
<td>681 %</td>
</tr>
<tr>
<td>4. Blastra Wind Technologies AS</td>
<td>5 338</td>
<td>38 925</td>
<td>632 %</td>
</tr>
<tr>
<td>5. Welcom AS</td>
<td>2 639</td>
<td>18 627</td>
<td>606 %</td>
</tr>
<tr>
<td>6. Nørbit ITs AS</td>
<td>7 953</td>
<td>52 362</td>
<td>558 %</td>
</tr>
<tr>
<td>7. Hrafe AS</td>
<td>852</td>
<td>5 486</td>
<td>544 %</td>
</tr>
<tr>
<td>8. Innos AS</td>
<td>2 794</td>
<td>16 157</td>
<td>478 %</td>
</tr>
<tr>
<td>9. Imigo AS</td>
<td>6 692</td>
<td>31 849</td>
<td>376 %</td>
</tr>
<tr>
<td>10. Innovative Science Projects AS</td>
<td>2 785</td>
<td>11 782</td>
<td>323 %</td>
</tr>
</tbody>
</table>


Fakto: Innova Management AS

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Det har skjedd mye spennende i teknologibransjen i Trondheimsregionen de siste to-tre årene.

FRODE IGLEBÆK, managing partner i Inexpo Management
Vinnere:

Størst omsetningsvekst siste fem år

<table>
<thead>
<tr>
<th>Vekst</th>
<th>Oms. 2011</th>
<th>Oms. 2007</th>
<th>Etablert</th>
<th>Bransje</th>
<th>Fase</th>
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</thead>
<tbody>
<tr>
<td>Aptomar AS</td>
<td>4751 %</td>
<td>69 274</td>
<td>1 428</td>
<td>2005</td>
<td>Oje og gass</td>
</tr>
<tr>
<td>Fugro Seabed Seismic Systems AS</td>
<td>2688 %</td>
<td>50 495</td>
<td>1 824</td>
<td>1997</td>
<td>Oje og gass</td>
</tr>
<tr>
<td>Aquaculture Engineering AS</td>
<td>1811 %</td>
<td>10 884</td>
<td>800</td>
<td>2006</td>
<td>Marin</td>
</tr>
<tr>
<td>Areto ERP AS</td>
<td>639 %</td>
<td>8 700</td>
<td>1 178</td>
<td>2007</td>
<td>IKT</td>
</tr>
<tr>
<td>Resman AS</td>
<td>531 %</td>
<td>81 100</td>
<td>12 882</td>
<td>2005</td>
<td>Oje og gass</td>
</tr>
<tr>
<td>Conceptos IT Trondheim AS</td>
<td>469 %</td>
<td>9 943</td>
<td>1 746</td>
<td>2006</td>
<td>IKT</td>
</tr>
<tr>
<td>Arm Norway AS</td>
<td>393 %</td>
<td>161 743</td>
<td>32 795</td>
<td>2001</td>
<td>IKT</td>
</tr>
<tr>
<td>Jan Saugen AS</td>
<td>360 %</td>
<td>24 546</td>
<td>5 340</td>
<td>1998</td>
<td>Tjenesteyting</td>
</tr>
<tr>
<td>One Voice AS</td>
<td>355 %</td>
<td>19 047</td>
<td>4 184</td>
<td>1995</td>
<td>IKT</td>
</tr>
<tr>
<td>3d-radar AS</td>
<td>353 %</td>
<td>24 530</td>
<td>5 419</td>
<td>2001</td>
<td>IKT</td>
</tr>
</tbody>
</table>

* Forutsetning: Minimum 0,5 mill. kr i omsetning i 2007
Primary customer value proposition:
**TACTICAL INFORMATION, INDEPENDENT OF LOCATION, IN REAL TIME**

Transition from sensor to system supplier
Primary customer value proposition: **TACTICAL INFORMATION, INDEPENDENT OF LOCATION, IN REAL TIME**

Projects started to get postponed and delayed.

Statoil stopped serving peanuts on Oseberg.

“Crisis” is official.

Transition from sensor to system supplier.
Consolidation in Oil and Gas

- By end 2013 challenges for the oil and gas industry started to be visible (at least when looking in the rear-view mirror)
- Oil price dived from almost USD 110 in June 2014 to 47 USD in January 2015 and 29 USD in January 2016
- The industry started to panic, and immediately pulled the breaks; everything “stopped”
- After evaluating the situation for some months, most exposed companies started to consolidate, adapting their cost level (and operations) to this new reality (that oil price are not bound to stay above 100USD forever)
  - Some of the first to be cut (in our segment) was ”nice-to-have”, something that did not help them to earn or save money; e.g. HSE and focus on environment. (not to our advantage)
  - The second to be evaluated for cut or change was non-core processes. (to our advantage)
Detection of third megatrend

• In the period of 2006 to 2010/2012, several small oil companies got the license to be operators on NCS.
• They stated that their organizations was to be “small and lean” outsourcing non-core processes to subcontractors.
• These companies had (and have) a strong focus on a clean balance sheet and target having most cost under the OPEX flag.
• In cost focused times, most (all) companies evaluate
  • “what are we to be good at” / what are our core competitive advantages to increase value for our owners
  • what are those non-competitive advantages that we can outsource to reduce cost or risk
  • what do we do that is just “nice-to have”
• We saw that oil companies did not want to buy equipment or software systems, as
  • A) they did not have people to use them
  • B) Did not want to purchase anything that ended up in the balance sheets
• We then identified the opportunity to offer not only the tech, but also the competence and work force to manage the non-core processes, all delivered as an OPEX service
Started a large turn-around process

- In 2014 we started a large turn around process to move from selling CAPEX equipment and systems, to offering the same, and personnel to do the job, as an OPEX service

- In end 2014 we had our first service contract, doing a clean to operate service for OMV on Wisting, where we had installed equipment and software, monitored 24/7 and delivered the needed reporting in accordance with the requirements of OMV.

- In 2015 we established Aptomarin, our 24/7 maritime control center, taking the step into services

![Revenue composition graphs for 2013 and 2015 showing changes in service, support, training, SLA, TCMS, Joint industrial projects, SECurus percentages]
Striving for a healthy and solid sole in a volatile business

- The company had a backlog going into 2016 of total NOK 27.5 million
- Current backlog and revenue per Q1 covers 56% of the budgeted revenue for 2016, and 22% for 2017
- Backlog is growing, recurring revenue fall-out rate is low
- Large projects for both sensor, system and service deliveries in 2015 and the years to come
- Approximately 2/3 of the current backlog is recurring revenues
Projects started to get postponed and delayed

Primary customer value proposition:
TACTICAL INFORMATION, INDEPENDENT OF LOCATION, IN REAL TIME

Transition from sensor to system supplier

Transition from system to service supplier
Lessons learned?

Aspects as input to the work of the Board and its Board Members
Lessons learned from 11 years of adapting to change

• A diversified team enables good (and sometimes heated) discussions which again gives (potentially) good processes and decisions. Embrace differences!
  • A people recruit A people
  • B people recruit C people
  • C people does not recruit

• Markets and customers change, the first one(s) to see the (mega)trends are able to secure and keep a position
  • If you (or someone in your organization) do not look for it, you will never see it

• To be competitive you must offer a value proposition that creates value(s) for your clients so that they can meet their goals (personally or professionally)
  • For us: assist our clients to earn or save money

• Grow cost in accordance with growth in revenue (and margins)

• Fact based management; facts wins over feelings

• Strive to understand; There are no such thing as stupid questions, only uncomfortable people giving fact’less answers
(some of many) Questions to be asked

• Does the company have the right team to
  • Reach customers and offer a strong value proposition (domain competence),
  • see trends (innovator, disruptive thinker) and
  • run the business in a profitable way (healthy relationship between cost, income and investments)?

• Do you have focus on control in all parts of the value chain; Are discussions and decisions made based on facts or ”tro, håp og kjærlighet”?

• What does the company ACTUALLY offer to the clients. Do YOU know?
  • WHY do clients buy from you? WHEN do they buy from you?
  • WHY will they continue to buy from you?
  • HOW can trends in technology, (own or comparative) industry or society influence your business going forward
  • WHO will become your future competitor? And WHY?
THANK YOU FOR YOUR ATTENTION!