

# IB: LensOnline & Desotec

## Desotec

---

A five step purification concept

### *Who are we?*

- Company based in Roesselare
- 60 million turnover
- 2000 mobile AC filters
- Reactivation plants (capturing contamination in flows of air, water ...) in Roesselare they neutralize the contamination.  
→ Circular economy
- 4<sup>th</sup> reactivation plant will start 2020

### *How do we work?*

- Central reactivation model
- Huts all over Europe (one in Poland, Italy, Spain and the UK)
- Benelux market is treated from Belgium (Roesselare)

### *Mission*

- We are delivering industrial purifications
- Focus on 5 market segments: air mission & waste water, biogas, chemicals market, ...
- Capturing contamination, so that customers don't have to invest in that and they can focus on their own business. They will give back usable energy once the contamination is treated. (plug & place)

### *Markets*

1. *Biogas*
  - Some of the mobile biogas filters are patented so that competition cannot copy it (size of the filter is the size of a 40 foot container) → methane gas (when only the methane part remains of the biogas, is being used to produce electricity or put on the national gas pit)
  - They are European market leader in biogas (can come from landfills and green roofs)
2. *Remediation gas*
  - Remediation market (remediation of soil → purify contaminated soil so it won't go into the drinking water)
3. *Chemicals*
4. *Waste water*
5. ... (zie zijn shitty ppt)

### *Why are we a market leader?*

- Focus on 5 market segments
- Innovative to stay ahead of the competition
- Customer perspective → understand their needs

1. Call them, figure out what they want, see if they can become a good lead, then visit them not only send them proposals
2. Select activated carbon that suits the needs of the customer
3. Solution: select the right activated carbon and the right mobile filter  
→ Application specialists, that help salesmen to perform their job
4. Customer agrees and will be provided (plug and place → take away the filter and put another one)  
→ No service people needed, only a truck

---

## Q&A

- **Why do they do business/ community angle?**  
Profitable company that wants to add value to the community.  
→ Adding value: by destroying contamination and circular economy (reusing raw materials)  
→ Profit: to keep investing and growing
- **How will the market evolve?**  
Stricter regulations, control on these regulations are intensifying. The regulation isn't the same in each European country.
- **Main strategic choice?**  
Solution driven, adding value towards the customer. → Customer based strategy, differentiating themselves, they stayed below the radar of the multinationals for a long time. They can't compete with the multinationals on a cost perspective but they can compete with them on a solution perspective. For the mobile filters they have approximately 50% of the market.  
Corporate based strategy, strategy exists for years and years, this is solution based strategy.
- **How do you position yourself?** A lot of customer intimacy  
They only lose a few customers a year.
- **How do you expand?** A 2 digit growth. They do not do the existing products in existing markets. But they do play on the other 3 parts (existing product existing market, new product existing market, new product new market)  
→ Now they do a lot of copy paste (multiply application know how, unlocking latent demands → it is new for the customer but not new for them)
- **Key motives for foreign expansion?**  
Natural resources, new markets, strategic resource of efficiency? New Markets  
Why don't they have a subsidiary in China? They don't want their company to be copied, they are sourcing their products in Asia through traders. Those traders have access to multiple providers. They want to find solutions to have more of coal based activated carbon in their own market place, they are environmental company. They want to reduce CO2, activated carbon based on bio mass/wood/coconut ... makes you more sustainable so they want to do research towards this.
- **Which type of business?**  
Centralised exporter, international projector, international coordinator or multi-centred? They want to be a centralised exporter of solutions (not products). They are acting locally, but they are thinking globally. The purification is the same in Germany as it is in Belgium, they centralize the logistics so they can project it all over.  
What would it take to take this model to US, China... ? It would take a couple of years. In Europe you can copy paste, but moving to another part of the world they would have to copy the Roesselare model in Asia or the US. They would be able to succeed because no other company there has a model like Desotec.

- **External actors?**  
They are using partners that also have the same solution mind-set (for ex. Desotec Italy → worked with a partner that had knowledge of the Italian market)
- **Distance types that can be covered by partners?**  
Cultural, institutional and spatial will be covered by the Italian partner, language is also important. Europe typically has countries where they don't speak English, in Asia this is less of a problem.
- **To manage international management there are 2 ways of bondage 'Bounded rationality & Bounded reliability'**  
Managers in the countries where they have their huts or salespeople working from home (= regional business directors) → these people get together quite often. This helps to have the same mind-set. They are using more and more digitizing tools, this helps to let everyone do the same thing. There is cultural difference between the regional business directors.  
Keep in mind the difference between what the local manager wants and what the CEO wants
- **How do you lead as a leader? Communication with local managers?**  
First thing he did was visit the main customers and the huts. Business from an ivory tower doesn't work. It's not just what your managing team is saying, good communication with subsidiaries is necessary. But when it comes to decisions there has to be consistency → decision making and strategy can be adaptive, but you cannot change your mind every day. Also the possibility to challenge is of great importance. Transparent explanation is key.
- **How do you organize R&D?** Central (keep technology centralized so they can keep their uniqueness in the market)
- **How do you manage foreign currency?**  
Hedging dollar ... each order they put in the market or sell is hedged. They don't take any risk in currency. On the European market they do it in euro. They short in dollar. They track the cost price of the products in euro (some materials come from China, so they pay when it arrives).  
When the prices of the raw materials is increasing in currency they have to be able to adapt their prices.  
How do we solve that? Try to buy in Euro, or find clients in dollar (by moving/becoming international), or find a financing structure for it (wouldn't work because they already short in dollar).  
The relative position of currency is important, competitors have the same position for some of their products.
- **Would you consider acquisitions and why?**  
They have been considering it, but they have to find the right one at the right price. It's important to find a complementary company, companies that are complementary from a geographical point of view.
- **How important is CSR? (corporate social responsibility)**  
They have a sustainability index. They invest in their suppliers, they want to have sustainable suppliers. They are getting customers audits on sustainability.
- **How big is the R&D part?** 9 people

# LensOnline

---

## CEO

- CEO Koen Année = serial entrepreneur (had several companies in his hands and built them out to successes)

## Where did they start?

- 2004: an optician and someone who had his own 'WeekUp'  
Lenses were cheaper (ik weet niet meer waar)  
Opticians vs. eye doctors → a lot of commotion
- 2007: first try-out with online eye check-up, the media attention kept increasing  
New concept: working with independent opticians to have eye checks before buying lenses online
- 2008: they started to visit opticians to work with them, they could do check-ups and sell online and in optical stores → sales started to increase

## Why Hybrid?

### From Clicks to Bricks

- Customers can buy online or offline
- Online: customer service, open 24/7, quick delivery
- Contact lenses check-ups → good follow up with professional opticians
- Online: you have all sorts of brands, in the shop it is limited. This is an advantage for opticians to work with LensOnline, they can provide more brands for their customers + They can enjoy the marketing boom from LensOnline. → fight against chains and online business
- Only fans become clients in the shop
- WIN FOR LENSOnline: when you get someone at an optician to get their eyes checked, most of them buy more expensive afterwards (after the optician visit). Getting advice makes people buy more often. Less drop out of people who stop wearing lenses.
  - ➔ They want less drops outs, faster recurring buying and more expensive buying
  - ➔ The market on contact lenses grew, more and more people wear lenses

## Chaos of organisation (2010)

- Chaos → order with an SAP system

## 2014

- Company of 8 million in Belgium with only contact lenses
- 60 opticians, who did over 10% of the market
- SAP structure was okay
- Investors came in, which helped them to restructure

## 2017

- Growth, not only advertisement on paper but also trucks, cars, television, online ...
- 15% market share in contact lenses business
- 67% of the volume of LensOnline was linked to opticians (they had to pay a fee to the opticians, commission for the opticians)

2018

- LensOnline bought Lensworld (their competitor)  
Strategy to do this? Let Lensworld evaporate or let it stay so you can work with it. They made it join LensOnline, which made LensOnline grow bigger.

### What went wrong?

- Copy paste to other countries
  - o Spain: they started the webshop, a guy in Spain would manage it. There was other regulation. LensOnline couldn't have a representative there.
    - How to work around **the legal issues**? A year later they tried again, lentillasonline. But they didn't find opticians and stopped the plan.
    - They went over there and talk to distributors and found out they had to do it themselves.
  - o The Netherlands: market is double that big (more people, % of people wearing contact glasses is much higher, penetration in Belgium is 6% in the Netherlands it's 12%), more competition, much more online businesses as competitor.
    - They bought LensBestel and used it as a budget site
    - 2015: LensOnline.nl with 15 opticians
    - What if a local businessman took over in a licensee form? Dutch guy in Dutch market. But it didn't work, they had to do it themselves.
  - o Italy: LensOnline.it → already existed, they had to find another name and look at the Italian market. The market there is very fragmented + already a lot of online shops for lenses.
    - Number of houses in Italy are not the same → makes distribution harder
    - Local manager tried to convince opticians → didn't work
    - They went for the full monty and went to a trade fair (handelsbeurs) → where they could sell it, now they have over 50 opticians joining in Italy
    - Now they bought LensOnline.it and have 1000lenti.it
  - o France
    - Very particular country for them. It's a prescription driven country, all people that want contact lenses have to go to a doctor to get a prescription. Afterwards they get money back from the mutuality.
    - A lot of opticians over there, a lot of physical stores (fysieke winkels)
    - They didn't find a way to have opticians join them
    - There aren't a lot of opticians specialists in France
  - o Germany
    - Penetration that is almost the same as Belgium but 88 million people living there
    - You need a team that already knows the business there, there are a lot of groups owned by 1 or 2 owners
    - 35% of the volume in Germany is online (that is enormous), in Belgium it is about 15%
  - o UK
    - They already had an online business → so buy them or work together
    - A lot of pharmacy chains, particular owned groups, prescription driven (but LensOnline found a way around)
    - It seemed all good but the Brexit happened
  - o Hungary

- Same population as Belgium, but 4 million live in one city 'Budapest'
- Problem: very low penetration of 1%, no one wears contact lenses
- A lot of chains, chains were afraid of everything that comes from Europe
- Hard on legislation, they couldn't work out the legislation
- NOW: they are taking over Europe (zie kaartje op zijn PPT)

---

## Q&A

- **Why do they do business/ community angle?** Profit ( not to add value to the community)
- **How will the market evolve?**
  - Social & people: Aging population. Best group to sell contact lenses to? Between 15 and 55. Peak is up to 30. People are aging and they are finding solutions for the aging problem. The penetration stays the same but there are a lot of differences. For ex. Hungary only has 1%, Asia has a lot → it's a local thing sometimes
  - Technology: amazon as big competitor. What if phones can start to analyse your sight and you can order directly? What do the big boys do? → Your biggest competitor can become apple or your biggest partner can become apple. Essilor is biggest lense builder in the world (lenses for glasses ...) they are working out to work with the biggest frame company (company that makes ray-ban) → big competition.
- **Main strategic choice? (Differentiation or cost leadership)**  
Differentiation in the online business
- **How do you position yourself?**  
Customer intimacy, with the link with optician.
- **How do you expand?**  
Same product, new market. They stick to lenses but try to do that in different markets.
- **Key motives for foreign expansion?**  
Natural resources, new markets, strategic resource of efficiency? New markets  
Sometimes buying in another country can be a way to put pressure on different countries, but strategic resource was never a reason to go abroad.
- **Which type of business?**  
Centralised exporter, international projector, international coordinator or multi-centred?  
Centralised exporter (sell lenses from Kruibeke and ship them all over Europe)  
International projector (install the system in other regions)
- **External actors?**  
Yes agent in Italy, to get across cultural and institutional differences.
- **Distance types that can be covered by partners?** Cultural and institutional distance
- **To manage international management there are 2 ways of bondage 'Bounded rationality & Bounded reliability'**  
Rationality: They stumbled on differences in regulation (Spain).  
Reliability: optician that was visiting other opticians only thought of his own shop → conflict of interest, LensOnline was on top of it all the time and lost it.
- **How do you lead as a leader? Communication with local managers?**  
You have to have a certain decision making, part of the concept, that you have to keep for yourself. They decide for Europe in Belgium. There is only communication with the Italian partner for certain things. Everything for the national level is done in Antwerp by LensOnline. They don't

let things go, they do not have a lot of interaction. You don't find partners that easily, but if they join, they join for the full monty.

- **How do you manage foreign currency?**

The companies they deliver to are all in Euro, they buy/sell in euro.

- **How do you manage marketing?**

How much do you localize/centralize your approach? LensOnline concept is high-end with opticians, with always the same branding/logo/color/brand/ private labels in different countries. There are some countries with little differences because you can't sell everything everywhere. Italy is called lentillasOnline, but the rest is the same. LensOnline has also a budget version.

- **How important is CSR? (corporate social responsibility) → Do you want to do good for society?**

They have tried to find out how to be greener, but there is nothing in the optical market that is green. So they are not working on that yet. They do try to recuperate contact lenses packages, you can recycle the cap of the bottles → but there isn't much interest in it. Lenses are begin flushed away after using them. Contact lenses are a bit of an issue in the ocean pollution and there is no one working on it now.

Prof babbelt verder