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CASE STUDY GREEN TECH

SUNROOF

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1. Startup introduction:

SunRoof is a Swedish startup that develop and implement integrated and aesthetic solar roofs that cover the energy demand of entire buildings. Its approach lies on offering an end-to-end management system and a digital platform that allows homeowners to control their consumption.

Founded in 2013 by Karol Kaniuk who has been developing the technology. The company is led by his brother Lech Kaniuk, who joined five years after.

Its business model involves selling its products directly or through strategic partnerships. The company targets three main customer segments: individuals, developers, and local government units. This approach allows SunRoof to reach a wide range of customers and expand its market presence.

The company operates in multiple markets, including Sweden, Germany, Poland, and the United States, where it has conducted pilot programs. However, it is constantly expanding its market presence.

It is a privately held company and does not trade publicly. But it has successfully raised substantial funding to support its growth and international expansion from notable investors.

It is actively engaged in the global transition towards renewable and green energy solutions. Its innovative solar roof system, which is revolutionizing the industry, aims to address both the climate and energy crises.

The firm prioritizes product development, but beyond just installing solar panels, it aims to create a software platform that covers the entire customer journey. All houses equipped with their systems are interconnected, creating an online marketplace, enabling the buying and selling of energy surplus. This

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positions the Swedish startup as an industry leader in terms of product development and customer experience. Once, its service is fully established, the company will focus on the development of the digital system.

a. Story line

2013 - Karol Kaniuk founds SunRoof with a vision to accelerate the global transition to renewable energy through innovative solar roof systems. He begins researching, building and testing the new technology. The same year, the first two roofs are installed in Sweden.

2015 - By this year SunRoof achieved their breakeven point.

2018 - Experiences a significant boost when Karol's brother, Lech Kaniuk joins the company. He has with valuable experience from successfully managing previous startups.

2019 - New co-founders with enormous experience in international expansion are added in the project. R&D and Logistic facilities open in Poland.

2020 - It acquires Redlogger, a software infrastructure company. This strategic acquisition enhances SunRoof's capabilities and strengthens its position as it expands its product offerings. This year, it expands its operations to six new markets. In October, achieves its first funding round, raising successfully €2 million, with participation from venture capital funds and local business angels.

2021 - SunRoof secures a €4.5 million funding round, further fuelling its growth and expansion plans. Additionally, it enters eleven new countries.

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2022 - In September, it completes another funding round of €15 million.

2023 - It focuses on developing a comprehensive software platform that covers the entire customer journey. In January, the startup raised €13.5 million in funding to supercharge its international expansion efforts.

b. Financial starting point

There is no publicly available information for the initial years. As a startup founded in 2013, the company embarked its first funding round in 2020, raising an amount of €2 million.

c. Current financial point

As the company has progressed, it has successfully secured five additional funding rounds, raising a total amount of €35 million and attracting investment from a group of fifteen investors. This capital injection served as a pivotal moment for the startup, enabling it to solidify its position, expand its operations and pursue its internationalization strategy.

2. International market situation

a. Industry overview

The solar panel industry is experiencing significant growth and demand due to the transition to renewable energy sources in Europe and around the world. This industry is estimated to reach \$334 billion by 2026.

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The scope extends across various sectors, including residential, commercial, and utility-scale projects. Solar panels are deployed in diverse applications, ranging from individual rooftop installations to large-scale solar farms. This broad range allows for widespread adoption of solar energy across different markets and geographies.

Technologies have witnessed remarkable advancements, making them more efficient and cost-effective. New systems are gaining traction over traditional photovoltaic systems, offering unique advantages.

Several key market trends shaping the industry:

- The cost of solar panels has significantly decreased over the years, driven by technological advancements, economies of scale, and increased manufacturing efficiency. Making it more affordable and competitive with conventional sources.
- Improvements in efficiency have enhanced energy generation and productivity, reducing energy losses for instance.
- Integration of solar panels with smart technologies is a growing trend that allows for better monitoring, control and optimization.
- The integration of energy storage systems enables the utilization of solar energy during periods of low sunlight, providing greater flexibility and permitting self-consumption of generated electricity.
- A shift towards decentralized solar power generation. This involves individual households, businesses and communities generating their own electricity through solar panels.
- Many governments worldwide are implementing supportive policies, regulations and financial incentives to promote solar energy adoption.

In addition, the European Union has set ambitious goals for renewable energy adoption and is even making solar panels mandatory on all new buildings from 2029. This regulatory push, coupled with rising climate consciousness and increasing energy prices, has resulted in a soaring demand for solar panels.

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b. Market analysis

The panel industry is experiencing significant and tremendous growth, attracting the attention of investors worldwide. In 2021, the value of investments in solar panel startups reached a staggering \$1.1 billion, reflecting the industry's promising potential and market appeal.

The global transition to renewable energy sources, the desire for energy independence, increasing climate consciousness and regulatory support are key drivers of market growth. Recent events, such as the conflict in Ukraine, have highlighted the need for alternative energy sources and secure energy suppliers, to reduce the dependence of Russia's gas.

While the demand for solar panels is high, the industry faces challenges related to installation capacity and infrastructure limitations. The lack of proper infrastructure presents a significant hurdle in meeting the growing customer base across Europe.

The market's growth potential remains substantial, so being cognizant of the market context and emerging trends will be crucial for SunRoof to excel in the sector and widen the gap with competitors.

3. Internationalisation strategy

a. Strategical Option Available

There are several strategic options for entering markets that provide the necessary tools to mitigate risks and maximize opportunities for growth and market penetration. These include:

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Forming strategic partnerships: Collaboration with local firms, government entities, or established players in the solar industry is a crucial strategy for international expansion. By establishing partnerships with energy companies and local stakeholders, they can leverage their expertise, market knowledge and networks. These partnerships can provide access to distribution channels, customer bases and financing opportunities, accelerating market penetration. Joint ventures or strategic alliances enable shared risks and resources, fostering mutual growth and enhancing market penetration.

Seeking government support: This plays a vital role for startups. Explore government incentives, subsidies and grants available to support project development. Engaging with organizations allows to understand the regulatory landscape and access funding opportunities specific to the solar industry. Moreover, it can also provide additional credibility and facilitate permit acquisition.

Market Segmentation: Analyzing target markets and segments to identify specific customer needs and tailor its offerings accordingly. By understanding regional preferences and regulatory requirements, the company can optimize its product offerings, maximize energy generation and enhance customer satisfaction.

Talent acquisition: Careful selection of a local expert who possesses deep knowledge and understanding of the market, regulations and customer tastes to adapt the company's strategies in order to suit the local context. Achieving a faster market entry and greater chances of success in the international expansion.

Exhibitions and Collaborations with Associations: Participate in international trade fairs and collaborate with renewable energy associations to foster connections and gain exposure in new markets. These alternatives provide valuable opportunities to showcase products, establish connections



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and attract potential customer, partner and investors around the world. Moreover, engaging with organizations allows for sharing best practices and accessing market insights.

b. Startup internationalization strategy

SunRoof conducted market research to identify and choose viable international markets for expansion. This includes analysing market size, growth potential, regulatory framework, demand and competitive landscape.

By setting up partnerships, the startup is able to gain access to infrastructure and market insights. SunRoof's acquisition of companies like Redlogger has accelerated its growth by leveraging existing systems and technologies. Acquiring rather than organically developing systems has provided benefits in terms of speed and efficiency. The acquisition was paid for with both cash and shares, resulting in a partnership with Redlogger.

The company's ability to secure substantial investments has enabled to rapidly scale its operations and establish a global presence. SunRoof's commitment to sustainability attracts funds and investors concerned with environmental issues. The firm expects to conduct an expansion at the end of 2023.

It recognizes the importance of a capable and dedicated team. The company has invested in building a strong workforce, growing from 10 employees in 2020 to 130 employees in 2022. This emphasis on team development ensures expertise and efficiency across all departments.

In 2020, SunRoof entered the German market, its strategy involved the selection of Robert Bruchner as Country Manager, an industry expert with extensive knowledge and experience in the market for more than ten years. By appointing Robert, the startup aimed to better understand the German

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solar industry and navigate the market effectively. His background provided valuable insights into the German market dynamics, including customer preferences, regulatory requirements and competitive landscape. Additionally, his connections inside the German solar industry proved beneficial, enabling collaborations with key stakeholders, such as construction companies.

Germany was an attractive market due to its status as an energy pioneer. The country has been at the forefront of transitioning to renewable energy sources, making it an ideal environment for SunRoof's innovative and sustainable solutions.

4. Results and Metrics

a. Success stories

SunRoof has experienced remarkable growth, reporting a 300% increase year on year. Moreover, the expansion of the company's team by 13-fold since January 2020 reflects the company's increasing capabilities.

It possesses a compelling competitive advantage in the industry. The company's innovative solar roof system, integrating panels seamlessly into the building structure, sets it apart visually and technologically.

Overall, its ability to secure substantial funding rounds has been instrumental in its international expansion. These investments not only provide the necessary capital but also serve as a testament to the company's potential and credibility.

b. Lessons learned

During the internationalisation process, the firm overcame challenges.

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Startups often face difficulties in securing funding from traditional banking institutions due to their limited track record. SunRoof had to navigate alternative funding sources and attract.

Problems related to owning raw materials, which complicated meeting demand and supplying roofs.

DISCLAIMER: The information provided is based on the public information available of each company.

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