

Case Preparation #16 – A123 Systems

1.

The market of rechargeable batteries has a very low growth (around 10% each year).

The growth is slowing down. This shows that without any major innovation the market would become stagnant as far as it's saturated.

2.

The lithium-iron phosphate has the right optical properties and therefore the right Hamaker constant to be used in A123 Systems technology.

3.

Cobalt is very rare and has a value almost twice as important as silver. Cobalt is more and more expensive because it has applications in technology (battery cells, radiotherapy...).

The demand for those technologies is increasing therefore the price for cobalt will keep increasing.

4.

I would recommend a combination of those two technologies. The new cathode would be an easy way to get financing while the breakthrough would come from the self-assembly cells.

5.

A123 is facing a harsh competition from manufacturers as well as the risk of running out of money very soon.