



Let There Be Light

Text MARC WINKELMANN / Photos WILLING-HOLTZ FOTOGRAFIE

Deutsche Lichtmiete is exchanging new, efficient LED lamps for old and is quickly expanding. To ensure its future success, says founder Alexander Hahn, the company has already implemented an ongoing change process accompanied by digitalization.

Sometimes it's necessary to ask basic questions. Take a step back, get a broader view, look at the big picture. Alexander Hahn has done precisely that. And what he asked himself was: Do we still need light?

To him, that's not an odd question. The CEO of Deutsche Lichtmiete AG rents out lighting systems and is in the process of digitalizing his business model. But the transformation is destabilizing many companies, he says, "and that's why it's important to question yourself every day." And to discuss assumptions that were previously considered common sense.

Alexander Hahn, a lanky chap in grey jeans and a sport coat, with a firm handshake, is sitting in a long conference room in Oldenburg and explaining where he comes from, where he aims to go, and how Porsche Consulting helped him implement his new strategy. "The consultants think like entrepreneurs: a perfect fit with my rapidly growing company."

To date, his "Lighting as a Service" model has functioned as follows: Deutsche Lichtmiete replaces old lights in offices, factories, and hangars with efficient LED lights and concludes long-term contracts with monthly payments. Everyone benefits: the companies can afford the expensive retooling in one fell swoop—and Hahn makes money in spite of the installation, maintenance, and repairs because his LED lights last for ages. "Our Japanese chip manufacturer Nichia assumes over 150,000 hours"—equivalent to more than seventeen years of continuous operation.

When Hahn first started his company, all this was scarcely imaginable. In 2008, he was leasing out inventory to nursing homes throughout Germany as an independent sales representative when he made the acquaintance of a dealer for LED tubes. The technology was unknown, but promised to reduce energy consumption drastically. It clicked: this is the future because companies want to save money and generate lower CO₂ emissions. Hahn started the company, raised capital with a road show, concluded rental agreements—and nearly went belly-up. A well-known U.S. manufacturer that was supposed



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ALEXANDER HAHN
CEO of Deutsche Lichtmiete AG

where external companies offer products, the modular system could be also used by third companies as a platform. Deutsche Lichtmiete would remain innovative without having to invent every idea itself; for customers, the range of products would grow; and young entrepreneurs could realize their own business models with greater ease.

Hahn calls it the “Smart Factory Platform”—in-house production of the lights and cubes would become less important. Value creation through hardware recedes into the background

In-house production

Founder Alexander Hahn is committed to quality and independence. That’s why he established in-house production capacity at the company headquarters in Oldenburg, Lower Saxony, rather than outsourcing to producers in Asia.

and the software becomes more important. In doing so, he aims to get ahead of potential competitors like Amazon and Google, which have the capability to occupy new business fields quickly and with the latest technology.

But without new, and more, employees, the transformation will not succeed. Hahn needs young talent that is at home with the Internet of Things. In Oldenburg, where the company is headquartered, that is no simple undertaking. The city, located on the northwest coast and well outside urban centers, is not known as an IT mecca, to say nothing of the fact that even better-known companies have trouble recruiting IT experts. But Hahn thinks he may be able to bridge the gap through more collaborations. Until now, he has placed great stock in having as many of the building blocks of his supply chain as possible in-house. But he may well adapt the strategy going forward.

Alexander Hahn was able to answer another question, however. It’s the one about the basis of his business. Will we still need artificial light in twenty-five years? “Yes,” he says, “I’m absolutely convinced of that. The demand will still be there.” Not even digitalization can change that.

BUSINESS TRANSFORMATION

To get in shape for the transformation, Alexander Hahn called in Porsche Consulting. The consultants analyzed Deutsche Lichtmiete and the global market for smart lighting and smart building. After evaluating market models and disruption potential, they developed a robust business model—including potential collaboration partners, who were able to persuade light lessees with start-up pitches.

to supply him with LED lights failed to deliver on time. And when the goods finally arrived, some of them broke during installation. Hahn decided to produce the goods himself.

Today, eleven years later, the business is doing well. Over one hundred employees work for the group of companies, and sales topped €33 million in 2018. The company has more than 350 contracts with light lessees—and Hahn estimates annual growth potential at over 40 percent.

But he doesn’t plan to rest on his laurels. The future is connected, and his systems aren’t. That has to change. “We need products for Industry 4.0,” he says. The start will be a bus system integrated in the LED lights. It assigns each unit an individual address and connects to all other lights in the vicinity. The conventional industrial standard can accommodate 128 addresses—Deutsche Lichtmiete is now promising that its technology will make it possible to switch on, dim, and switch off thousands of lights individually. And in different colors as well.

Another innovation: the 2.0 light strip and a modular plug-in system with “cubes.” These will be equipped with functions and serve as noise or fire alarms, for video surveillance, time and temperature recording, or distance measurement. One potential application: occupational safety. “If cameras and sensors detect that employees are coming too close to a machine, it switches off automatically.” And in addition, Hahn notes, “This technology also makes it possible to use a true pay-per-use model.” In concrete terms: when every instance of consumption is measured and billed right down to the second, customers no longer have to lease their lighting and other services for a flat fee, but instead only pay for what they actually use.”

But Deutsche Lichtmiete doesn’t aspire to decide the full range of future possibilities itself. Like Apple’s App Store,

