

F R O S T & S U L L I V A N

FROST & SULLIVAN BEST PRACTICES AWARD

DIGITAL SUPPLY NETWORK FOR DISCRETE
MANUFACTURING - EUROPE

Product Leadership Award 2019



FROST & SULLIVAN

2019

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Background and Company Performance

Industry Challenges

When adopting a global supply chain operating model, discrete manufacturing companies of all types (e.g., automotive, aerospace, and railway) and sizes need to interact with a broad, diverse, and complex set of business partners in their value chain and cannot afford to operate only within their company boundaries. A company's success and its ability to adapt to market changes and supply chain dynamics depend on the effectiveness of its supply chain networks and its ability to collaborate in a global network.

Some key trends, such as shorter product lifecycle, increased outsourcing, and globalization, are increasing the importance of supply chain collaboration in discrete manufacturing even further. However, some standard software systems are limited in their ability to enable a company to collaborate within a global network. In addition, digital transformation is rapidly changing the business world, including discrete manufacturing, where companies now want to transform and manage their supply chain digitally.

Under such circumstances, vendors that can provide discrete manufacturers with a collaboration network that connects businesses globally, improves the effectiveness of the supplier network, helps businesses manage their supply chain digitally, and addresses the aforementioned challenges are expected to secure a leadership position in the market.

Product Family Attributes and Business Impact

Match to Needs

Germany-based SupplyOn is strongly committed to maximizing the value proposition for customers in the discrete manufacturing industry by offering its ecosystem comprising a single collaboration network/platform that connects 65,000 companies worldwide from various industries, including automotive, aerospace, railway, and manufacturing.

Founded in 2000, the company's shareholders (Robert Bosch GmbH, Continental AG, Schaeffler Technologies AG & Co. KG, and ZF Friedrichshafen AG) had a vision to establish an ecosystem rather than only a portal. These four shareholders, although fiercely competitive in their respective fields (e.g., automotive production and machine building) had a dedicated manufacturing industry approach and, thus, established an ecosystem that allows their business partners and suppliers to integrate and collaborate in a global network.

Competitive Differentiation: Existing standard enterprise resource planning (ERP) systems are limited in their ability to manage relationships with external partners, consequently limiting a company from effectively collaborating within a global network. Compared to these internal, stand-alone solutions, SupplyOn offers strikingly different solutions because its ecosystem enables any company to collaborate easily and effectively with all their business partners using a central platform. The platform links all suppliers, partners, service providers, and forwarders worldwide and encourages collaboration on business processes. To this end, SupplyOn facilitates cross-company cooperation, leading to the transparent handling of business processes with partners and suppliers and ultimately leading to an effective supply chain network.

Frost & Sullivan believes that by becoming a part of a dynamic network that connects more than 65,000 businesses worldwide (and is continuously growing), SupplyOn's customers can improve the effectiveness of their supplier network, stay agile, adapt to market changes, address emerging industry trends, and remain successful.

What makes SupplyOn's network more valuable is that it serves as one solution for all levels of the supply chain and covers numerous supplier levels, such as Tier I, Tier II, Tier III, and original equipment manufacturers (OEM); therefore, SupplyOn's ecosystem has a high percentage of integrated and connected market participants. For instance, SupplyOn covers more than 50% of Tier I automotive and aerospace companies and more than 90% of Tier II and Tier III suppliers. Some of the leading enterprises that have already integrated their supplier base include Continental in automotive, Airbus in aerospace, Bombardier in railway, and OC Oerlikon in manufacturing, thereby making SupplyOn's ecosystem a powerful, industry-specific community of leaders and global suppliers.

Furthermore, automotive, railway, manufacturing, and aerospace companies have their own unique requirements for processes and IT solutions; therefore, SupplyOn's customizable solutions cover industry-specific features and core processes for collaborating with suppliers and service providers that are defined by industry leaders. For instance, with an automotive network, companies from the automotive industry, such as the BMW Group, Continental, and ZF, have played an important role in establishing that network of businesses. Therefore, Frost & Sullivan finds that SupplyOn is differentiated in the market because of its vast experience of focusing solely on discrete manufacturing, making the company extremely strong in its core industries in Europe and establishing it as the leading provider of a digital supply network for industry participants.

Overall, Frost & Sullivan applauds SupplyOn for offering a collaboration platform that connects a company with all its global business partners, enables true supply chain collaboration from a single platform, and enjoys flawless performance at every point along the way. SupplyOn's customers can now remain aligned with a rapidly evolving business environment, focus on strategic activities that match their corporate goals, exploit new growth opportunities efficiently, and stay ahead in their growth curve.

Positioning and Design

SupplyOn differentiates itself on several fronts, mainly by enabling digital transformation. The company's positioning over the last 18 years has been to focus on its customers' needs and pain points and to provide a foundation that digitally transforms customers' supply chain. The company's goal in addressing its customers' need for a global supply chain is based on four key pillars: digitizing supply chain and procurement management, delivering artificial intelligence (AI) for supply chain and production management, helping customers innovate, and providing scale.

One Integrated Suite to Manage Supply Chain Digitally: SupplyOn's integrated suite helps manufacturers digitally transform by covering all processes of a digital supply chain, from supply chain collaboration to transport management. SupplyOn acquired EURO-LOG AG to complement its supply chain management (SCM) solution and offer a fully integrated, end-to-end supply chain and transportation management solution that supports all collaborative processes, such as purchase-to-pay, source-to-contract, procurement, supplier management, supply chain performance management, quality management, and supply chain and transport management. The integration of the EURO-LOG solutions into the SupplyOn ecosystem will further expand SupplyOn's services and ecosystem, allowing customers to reap additional benefits, such as lower costs and faster and easier processes. Frost & Sullivan believes that the acquisition of EURO-LOG will enhance SupplyOn's team size, geographic reach, and customer engagement going forward.

360-degree Big Data Lake: SupplyOn runs an extensive, unique 360-degree Big Data lake, which is powered by all customers and contains all structured supply chain collaboration data (production and supply chain data) based on over 17 years of relevant processed transactions. SupplyOn facilitates seamless coordination, connectivity, and integration services between its solution and different enterprise systems, such as product lifecycle management (PLM), ERP, manufacturing execution system (MES), and customer relationship management (CRM), that its customers have been running on their business processes.

In addition, these systems provide data to the SupplyOn data lake, resulting in a holistic view of businesses. For example, some of the data includes freight costs, transport orders, track-and-trace transport status, supplier quality key performance indicators (KPIs)/supplier evaluations (where customers rate suppliers based on different aspects, such as product quality and delivery quality), quality of logistics partners, invoices, and shipping notifications. The SupplyOn data lake has high data availability and one of the highest security standards, with the ability to work with structured data rather than unstructured data.

SupplyOn delivers AI products for supply chain visibility, such as Real-Time Visibility and KPIs and analytics (e.g., SupplyOn Diagnostic and SupplyOn Predictive) for generating valuable information. As a result, SupplyOn's ecosystem provides predictability so that participants can determine whether a shipment will arrive on time (i.e., exact delivery date), thereby helping them achieve lower inventories and higher on-time delivery (OTD). Frost & Sullivan believes that the combination of this 360-

degree Big Data lake and AI algorithms can generate actionable insights that help companies predict OTD dates, anticipate any related risks, and make the right decisions at the right time.

SupplyOn's solutions enable customers to scale up innovative services, such as predictive maintenance. While every machine building has a predictive maintenance system, in reality, when the worker in the production floor sees that a problem with a gear in a machine could occur within two weeks, that worker will order the part in two weeks. To address this challenge, SupplyOn has integrated its supply chain process, where the system already has many of the parts and has an adaptable confirmation process, meaning that the machine can directly order spare parts.

SupplyOn believes a plan's visual representation and visual performance indicators are powerful elements of success. Delivering a superior user experience, SupplyOn has built a well-defined, intuitive user interface, such as dashboards, based on digital industry standards. For example, the company enables users to design the dashboards themselves using easy, fast, and user-friendly tools, resulting in efficient tasking and increased user productivity.

Frost & Sullivan expects that these unique product design attributes will help SupplyOn increase the adoption of its ecosystem.

Product/Service Value

One of the primary factors contributing to SupplyOn's success is its highly efficient, comprehensive consulting and support services workforce with unmatched industry expertise and understanding of every aspect of customers' businesses and their requirements, leading to quick product implementation and global use. With an aim to help customers derive the maximum benefit from using its solutions, SupplyOn's consulting services workforce guides them throughout the entire project lifecycle, effectively aligning the solution with each customer's unique system requirements and leading to a successful implementation. In addition, SupplyOn works closely with its customers to optimize their supply chain, such as helping them achieve sustainable costs and performance improvements in their global supply chain.

The company's enhanced and comprehensive quality of service experience includes education, training, and customer mentoring, such as online or classroom-based customized training and video tutorials, so that customers can effectively and successfully use SupplyOn's solutions and business.

Customer Acquisition

As identified earlier, SupplyOn's ecosystem consists of a powerful community of industry leaders and global suppliers from the automotive, aerospace, railway, and manufacturing industries. Customers consider SupplyOn to be an attractive brand as it has been digitizing supply chains in the manufacturing industry for almost two decades, offers a global network of over 65,000 companies (including major companies from automotive, aerospace, railway, and manufacturing), provides the foundation for

digital transformation, facilitates easy collaboration, enables cross-company cooperation, and helps customers remain agile and address key trends in discrete manufacturing.

Spread across 70 countries, SupplyOn's customers include amongst others Airbus Group, Bombardier, BMW Group, Bosch, Continental, Premium AEROTEC, Liebherr, Oerlikon, Schaeffler, Safran, Schindler, Siemens, and ZF. Furthermore, Frost & Sullivan is impressed by SupplyOn's customer service approach because the company's best-fit partner selection from its network of experienced partners (based on expertise in their respective fields) drives the value for customers as they can benefit from these partners' industry expertise and additional know-how. With such a strong partner network and product strategy, SupplyOn is expected to strengthen its market position further in the coming years.

Conclusion

Today's companies in the discrete manufacturing industry need a platform that will help them move beyond their company boundaries, connect them with their business partners, and enable them to collaborate within a global network effectively so that they can stay agile, address key industry trends, and remain successful.

SupplyOn's dynamic collaboration network (ecosystem) successfully connects more than 65,000 businesses worldwide. The company renders unmatched customer value by offering one industry-specific, integrated suite to manage the supply chain digitally, thereby delivering digital transformation to customers. In addition, Frost & Sullivan is impressed by SupplyOn's customer-centric approach in delivering AI for supply chain and production management and its 360-degree data lake and analytics based on customer-specific needs that help them turn their ideas into reality.

With its strong overall performance, SupplyOn has earned Frost & Sullivan's 2019 Product Leadership Award.

Significance of Product Leadership

Ultimately, growth in any organization depends upon customers purchasing from a company and then making the decision to return time and again. A comprehensive product line, filled with high-quality, value-driven options, is the key to building an engaged customer base. To achieve and maintain product excellence, an organization must strive to be best-in-class in three key areas: understanding demand, nurturing the brand, and differentiating from the competition.



Understanding Product Leadership

Demand forecasting, branding, and differentiating all play a critical role in finding growth opportunities for your product line. This three-fold focus, however, must be complemented by an equally rigorous focus on pursuing those opportunities to a best-in-class standard. Customer communications, customer feedback, pricing, and competitor actions must all be managed and monitored for ongoing success. If an organization can successfully parlay product excellence into positive business impact, increased market share will inevitably follow over time.

Key Benchmarking Criteria

For the Product Leadership Award, Frost & Sullivan analysts independently evaluated two key factors—Product Family Attributes and Business Impact—according to the criteria identified below.

Product Family Attributes

- Criterion 1: Match to Needs
- Criterion 2: Reliability and Quality
- Criterion 3: Product/Service Value
- Criterion 4: Positioning
- Criterion 5: Design

Business Impact

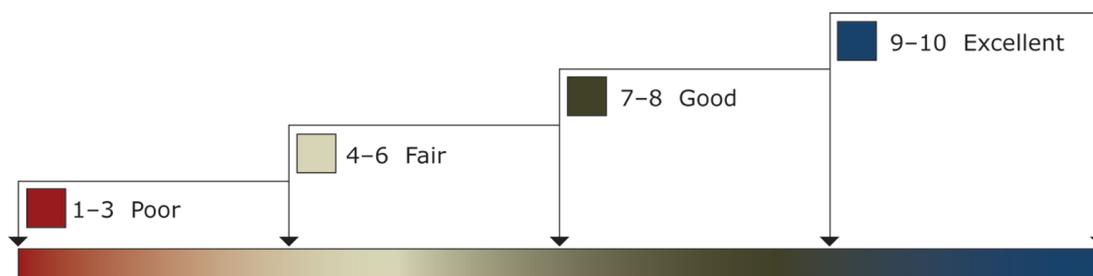
- Criterion 1: Financial Performance
- Criterion 2: Customer Acquisition
- Criterion 3: Operational Efficiency
- Criterion 4: Growth Potential
- Criterion 5: Human Capital

Best Practices Award Analysis for SupplyOn

Decision Support Scorecard

To support its evaluation of best practices across multiple business performance categories, Frost & Sullivan employs a customized Decision Support Scorecard. This tool allows our research and consulting teams to objectively analyze performance, according to the key benchmarking criteria listed in the previous section, and to assign ratings on that basis. The tool follows a 10-point scale that allows for nuances in performance evaluation. Ratings guidelines are illustrated below.

RATINGS GUIDELINES



The Decision Support Scorecard is organized by Product Family Attributes and Business Impact (i.e., These are the overarching categories for all 10 benchmarking criteria; the definitions for each criterion are provided beneath the scorecard.). The research team confirms the veracity of this weighted scorecard through sensitivity analysis, which confirms that small changes to the ratings for a specific criterion do not lead to a significant change in the overall relative rankings of the companies.

The results of this analysis are shown below. To remain unbiased and to protect the interests of all organizations reviewed, we have chosen to refer to the other key participants as Competitor 2 and Competitor 3.

<i>Measurement of 1-10 (1 = poor; 10 = excellent)</i>			
Product Leadership	Product Family Attributes	Business Impact	Average Rating
SupplyOn	9.0	9.0	9.0
Competitor 2	8.0	8.0	8.0
Competitor 3	7.0	7.0	7.0

Product Family Attributes

Criterion 1: Match to Needs

Requirement: Customer needs directly influence and inspire the design and positioning of the product family.

Criterion 2: Reliability and Quality

Requirement: Products consistently meet or exceed customer expectations for performance and length of service.

Criterion 3: Product/Service Value

Requirement: Products or services offer the best value for the price, compared to similar offerings in the market.

Criterion 4: Positioning

Requirement: Products or services address unique, unmet need that competitors cannot easily replicate or replace.

Criterion 5: Design

Requirement: The product features an innovative design, enhancing both visual appeal and ease of use.

Business Impact

Criterion 1: Financial Performance

Requirement: Overall financial performance is strong in terms of revenues, revenue growth, operating margin, and other key financial metrics.

Criterion 2: Customer Acquisition

Requirement: Product strength enables acquisition of new customers, even as it enhances retention of current customers.

Criterion 3: Operational Efficiency

Requirement: Staff is able to perform assigned tasks productively, quickly, and to a high quality standard.

Criterion 4: Growth Potential

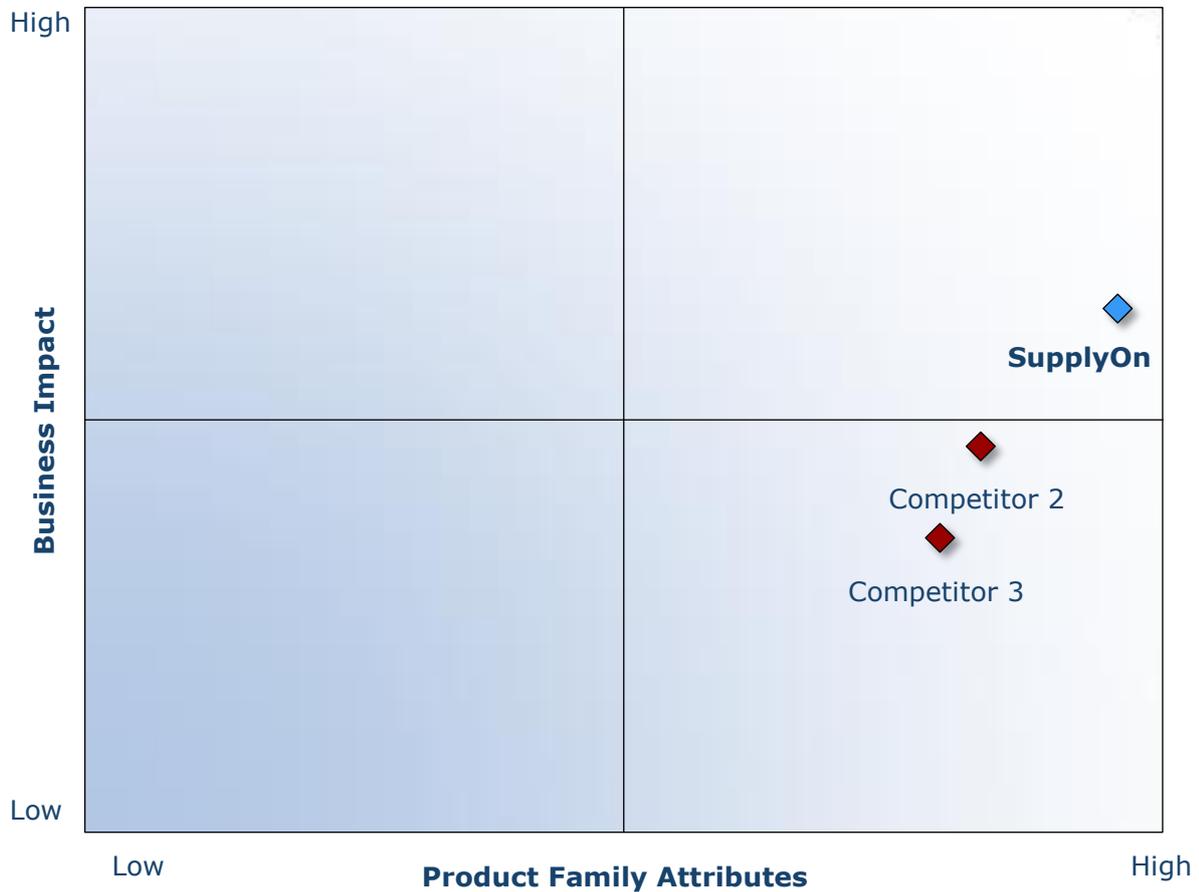
Requirements: Product quality strengthens brand, reinforces customer loyalty, and enhances growth potential.

Criterion 5: Human Capital

Requirement: Company culture is characterized by a strong commitment to product quality and customer impact, which in turn enhances employee morale and retention.

Decision Support Matrix

Once all companies have been evaluated according to the Decision Support Scorecard, analysts then position the candidates on the matrix shown below, enabling them to visualize which companies are truly breakthrough and which ones are not yet operating at best-in-class levels.



Best Practices Recognition: 10 Steps to Researching, Identifying, and Recognizing Best Practices

Frost & Sullivan analysts follow a 10-step process to evaluate Award candidates and assess their fit with select best practice criteria. The reputation and integrity of the Awards are based on close adherence to this process.

STEP	OBJECTIVE	KEY ACTIVITIES	OUTPUT
1 Monitor, target, and screen	Identify Award recipient candidates from around the globe	<ul style="list-style-type: none"> • Conduct in-depth industry research • Identify emerging sectors • Scan multiple geographies 	Pipeline of candidates who potentially meet all best-practice criteria
2 Perform 360-degree research	Perform comprehensive, 360-degree research on all candidates in the pipeline	<ul style="list-style-type: none"> • Interview thought leaders and industry practitioners • Assess candidates' fit with best-practice criteria • Rank all candidates 	Matrix positioning of all candidates' performance relative to one another
3 Invite thought leadership in best practices	Perform in-depth examination of all candidates	<ul style="list-style-type: none"> • Confirm best-practice criteria • Examine eligibility of all candidates • Identify any information gaps 	Detailed profiles of all ranked candidates
4 Initiate research director review	Conduct an unbiased evaluation of all candidate profiles	<ul style="list-style-type: none"> • Brainstorm ranking options • Invite multiple perspectives on candidates' performance • Update candidate profiles 	Final prioritization of all eligible candidates and companion best-practice positioning paper
5 Assemble panel of industry experts	Present findings to an expert panel of industry thought leaders	<ul style="list-style-type: none"> • Share findings • Strengthen cases for candidate eligibility • Prioritize candidates 	Refined list of prioritized Award candidates
6 Conduct global industry review	Build consensus on Award candidates' eligibility	<ul style="list-style-type: none"> • Hold global team meeting to review all candidates • Pressure-test fit with criteria • Confirm inclusion of all eligible candidates 	Final list of eligible Award candidates, representing success stories worldwide
7 Perform quality check	Develop official Award consideration materials	<ul style="list-style-type: none"> • Perform final performance benchmarking activities • Write nominations • Perform quality review 	High-quality, accurate, and creative presentation of nominees' successes
8 Reconnect with panel of industry experts	Finalize the selection of the best-practice Award recipient	<ul style="list-style-type: none"> • Review analysis with panel • Build consensus • Select recipient 	Decision on which company performs best against all best-practice criteria
9 Communicate recognition	Inform Award recipient of Award recognition	<ul style="list-style-type: none"> • Present Award to the CEO • Inspire the organization for continued success • Celebrate the recipient's performance 	Announcement of Award and plan for how recipient can use the Award to enhance the brand
10 Take strategic action	Upon licensing, company is able to share Award news with stakeholders and customers	<ul style="list-style-type: none"> • Coordinate media outreach • Design a marketing plan • Assess Award's role in future strategic planning 	Widespread awareness of recipient's Award status among investors, media personnel, and employees

The Intersection between 360-Degree Research and Best Practices Awards

Research Methodology

Frost & Sullivan's 360-degree research methodology represents the analytical rigor of our research process. It offers a 360-degree-view of industry challenges, trends, and issues by integrating all 7 of Frost & Sullivan's research methodologies. Too often companies make important growth decisions based on a narrow understanding of their environment, leading to errors of both omission and commission. Successful growth strategies are founded on a thorough understanding of market, technical, economic, financial, customer, best practices, and demographic analyses. The integration of these research disciplines into the 360-degree research methodology provides an evaluation platform for benchmarking industry participants and for identifying those performing at best-in-class levels.

360-DEGREE RESEARCH: SEEING ORDER IN THE CHAOS



About Frost & Sullivan

Frost & Sullivan, the Growth Partnership Company, enables clients to accelerate growth and achieve best-in-class positions in growth, innovation and leadership. The company's Growth Partnership Service provides the CEO and the CEO's Growth Team with disciplined research and best practice models to drive the generation, evaluation, and implementation of powerful growth strategies. Frost & Sullivan leverages more than 50 years of experience in partnering with Global 1000 companies, emerging businesses, and the investment community from 45 offices on six continents. To join our Growth Partnership, please visit <http://www.frost.com>.