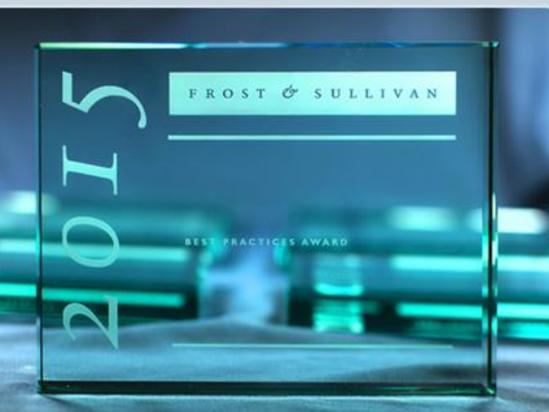




2015 Global Cloud ERP for Automotive
Product Leadership Award



FROST & SULLIVAN



50 Years of Growth, Innovation & Leadership

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Background and Company Performance

Industry Challenges

Automotive industry challenges vary depending on company size. At the lower end of the supply chain, companies often have insufficient information technology (IT) resources, with one person often handling multiple roles. As a result, these employees do not have time to develop a comprehensive understanding of and technical know-how pertaining to automotive manufacturing IT requirements. Conversely, multi-national corporations (MNCs) with headquarters in either North America or Europe struggle with global launch strategies. For instance, to establish a base in China, MNCs may need the supplier to outsource IT work so they can focus on more strategic matters.

Irrespective of size, automotive companies must address global automotive industry cost concerns and compliance requirements. Compliance is critical and companies must also ensure they can meet all the quality and delivery standards prevalent in the global automotive industry. In addition, Frost & Sullivan recognizes that as automotive manufacturers grow, they must obtain comprehensive and real-time visibility across the different organizations and businesses they add.

For these reasons, enterprise resource planning (ERP) vendors that understand the compliance requirements, support customers' growth both globally and regionally, and deliver a unified and flexible cloud based solution capable of adapting to evolving business models will likely gain a strong leadership position in the market. QAD Cloud ERP meets those criteria.

Product Family Attributes and Business Impact

Match to Needs

The most distinct characteristics of QAD Inc. is its comprehensive understanding of automotive industry dynamics. Frost & Sullivan's research shows that QAD exhibits superior ability to stay abreast of the automotive trends and based on that information incorporates relevant functionalities into its cloud ERP software, QAD Cloud ERP Automotive Edition, a solution that effectively meets automotive industry and technology requirements. QAD's offering helps manufacturers comply with the automotive industry standard ISO/TS 16949 on the quality front, Materials Management Operations Guideline/Logistics Evaluation (MMOG/LE) on the delivery side, and electronic data interchange ("EDI") for transacting and communicating across the supply chain. This breadth of automotive focused features is instrumental in enhancing QAD's ERP value proposition to the automotive industry.

QAD has used its 30 years of history in the automotive sector, 8 years of experience in the cloud space, and its thorough understanding of automotive manufacturing to help customers address the industry challenges at establishing a position of competitive advantage in this space. QAD's experience and expertise with cloud solutions precedes most other cloud or software as a service (SaaS) solutions today. QAD started with a SaaS-style multi-tenant supply chain portal back in 2000, which is still going strong today and is popular with its customers. The company recognized early the need to make it easier for its customers to manage their systems and to keep them up-to-date. At the same time, because ERP is so intrinsic to a business and highly integrated into business operations, QAD believes that customers typically want the freedom to implement ERP to reflect their unique business needs. This approach runs counter to the "one size fits all" that most SaaS vendors promise.

Today QAD optimizes the cloud experience for customers through a comprehensive set of monitoring and management capabilities. QAD achieves a high level of cloud management automation by tracking hundreds of metrics on each of customers' system every few minutes. The measurements are fed to a multi-terabyte database on which real-time analytics identify system trends and protect the system using alerts or automated remediation. The alerts are tracked by QAD's global cloud operations team 24x7. Thus, QAD Cloud ERP solution can react to the system patterns across its cloud customer base.

Larger automotive companies are global by definition. QAD has a strong presence in China and in rapidly growing countries like Indonesia and Vietnam. This gives customers confidence that their global IT and ERP deployments can be taken care of completely by QAD. QAD operates automotive manufacturing sites in approximately 60 countries.

In summary, QAD, with its industry-specific cloud ERP software solutions and advanced cloud operations, has effectively addressed the unique market challenges and the other demanding standards of automotive manufacturers.

Product/Service Value

QAD's active participation in Automotive Industry Action Group (AIAG) and Odette helps it stay abreast of the latest market trends, industry requirements, and technological advancements. QAD's strategy of accurately analyzing customer necessities and designing ERP solutions tailored to industry requirements has been instrumental in deploying the cloud ERP platform across the automotive industry. The QAD Cloud ERP solution includes features like Web-based supplier communications, bar coding, serialization, release management, business process management, business intelligence, supply chain management and planning, lean manufacturing, and complete multi-GAAP internationalized financials. QAD has an excellent track record for implementation through its proven easy on boarding (EOB) services. QAD Cloud ERP Automotive Editions includes MMOG/LE process integration. QAD also offers integration to third party applications through a combination of cloud-based Dell Boomi and its own Q-Xtend integration

product. Frost & Sullivan finds that QAD's customers are able to derive significant actionable insights to enhance operational practices because of the visibility QAD provides into inventory, supply chain, KPIs and related operational metrics.

When its customers implement, upgrade or customize their ERP, the QAD solution already includes pre-defined EOB and industry-specific process maps. This makes it easier for customers, particularly large and/or more complex customers, during project implementation and helps shorten time-to-implementation. QAD, through its predefined industry best practice-based processes, enables its customers to be up and running quickly so they can quickly derive return on investment.

QAD supports, among other 3rd party applications like HR and CRM, manufacturing execution system integration to QAD Cloud ERP through Dell Boomi. The Dell Boomi solution offers a cloud-based global view across all integrations for its customers. The integrations are stored in a common library, and when a new customer comes on board, QAD can use those common sets of integrations to quickly get the customer on board.

QAD has mapped supply chain processes to industry best practices, such as MMOG/LE, one of the important standards recognized globally for supply chain delivery. QAD makes every effort possible to incorporate these best practices as they are changed and added. This commitment attracts automotive customers and is often a key decision point for choosing QAD's solutions over those offered by other ERP vendors.

In essence, QAD offers a complete set of capabilities, from on boarding services to processes driven by industry best practices to rich features to cloud operations, to support discrete manufacturing customers, particularly in the automotive industry.

Design

QAD does not stand still in terms of architecture and platform design. For example, recently QAD built a framework for capturing data from hand-held devices and scanners. The platform allows each customer to tailor their screens, based on a modern API approach, to include only the pertinent data.

User experience (UX) enhancements have been in vogue in ERP over the last couple of years, QAD too is enhancing its UX under the umbrella of the "Channel Islands" initiative. Channel Islands is a multi-year project to provide a new Web-based user interface with a major focus on usability and user productivity, not just beauty. An essential part of the Channel Islands initiative is an event-based and API-based architecture. By focusing on architecture first, QAD's UX efforts will protect customers from future changes in UX. QAD has established a user experience team that works with a number of visualization partners to build user experiences for all roles within a manufacturer, not only for executive level use but also for use by a transaction-level data entry representative. Frost & Sullivan notes that QAD's most recent QAD Cloud ERP release includes an overhaul of its sales

order entry process with high customization capabilities using the Channel Islands UX approach. This is a highly modular-based architecture to which QAD is moving all of its products.

Customer Acquisition

With a holistic cloud ERP solution that includes advanced features and can be deployed globally, QAD prides itself on its extensive customer list. Some of the few elite companies that have reaped benefits by deploying QAD's cloud ERP are Nexteer Automotive, UpTime Parts, Key Safety Systems, Marshall Electric, L&W Engineering, Omron, Hendrickson, Dana, and Autometer. With such a robust portfolio of customers, Frost & Sullivan expects QAD to further strengthen its position in the global market.

Financial Performance

Catering to the needs of its automotive customers with the launch of new products and by strategically acquiring capabilities that play to its own manufacturing strengths, QAD grew at a double digit rate. With 30% of revenues generated from its automotive vertical in fiscal 2015, QAD's cloud ERP business grew at 45% during the same period. Frost & Sullivan's research reveals that with reference to the heightened satisfaction that QAD renders to its automotive customers, the company is strongly positioned for strong growth potential in this market.

Conclusion

In a market where it is hard to find an all-encompassing solution, the holistic cloud ERP offering from QAD that boasts ISO/TS 16949 quality compliance, along with EOB, MMOG/LE, lean manufacturing, supply chain optimization, and flexible deployment models promises to deliver enhanced performance to customers of the automotive industry. While this has considerably enhanced its brand image, providing high-quality and reliable service in addition to timely assistance with the help of a well-experienced team is largely instrumental in enabling QAD to sustain and expand its business. Frost & Sullivan's independent analysis of the Automotive market clearly shows that the advanced capabilities strongly position its product far ahead of the competing solutions in the market. QAD's product exhibits excellent growth potential, and its increasing dominance in the automotive industry can be attributed to QAD's unwavering dedication to address the needs of its customers globally while maintaining both quality and reliability. The company shows continuous dedication in its efforts to maintain a strong brand image by deftly addressing customer needs and meeting market demands. With its strong overall performance, QAD has earned Frost & Sullivan's 2015 Global Product Leadership Award.

Significance of Product Leadership

Ultimately, growth in any organization depends upon customers purchasing from your 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. This three-fold approach to delivering customer service leadership is explored further below.



Understanding Product Leadership

Demand forecasting, branding, and differentiation 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

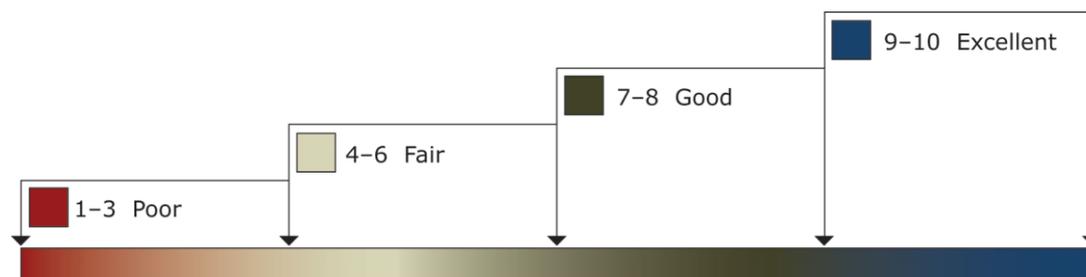
- Criterion 1: Financial Performance
- Criterion 2: Customer Acquisition
- Criterion 3: Operational Efficiency
- Criterion 4: Growth Potential
- Criterion 5: Human Capital

Best Practice Award Analysis for QAD

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., the overarching categories for all 10 benchmarking criteria; the definitions for each criteria 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, Frost & Sullivan has chosen to refer to the other key players as Competitor 2 and Competitor 3.

DECISION SUPPORT SCORECARD: PRODUCT LEADERSHIP AWARD

<i>Measurement of 1-10 (1 = poor; 10 = excellent)</i>			
Product Leadership	Product Family Attributes	Business Impact	Average Rating
QAD	9.5	9.5	9.5
Competitor 2	8.0	8.0	8.0
Competitor 3	7.5	7.5	7.5

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 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: Strong overall financial performance 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

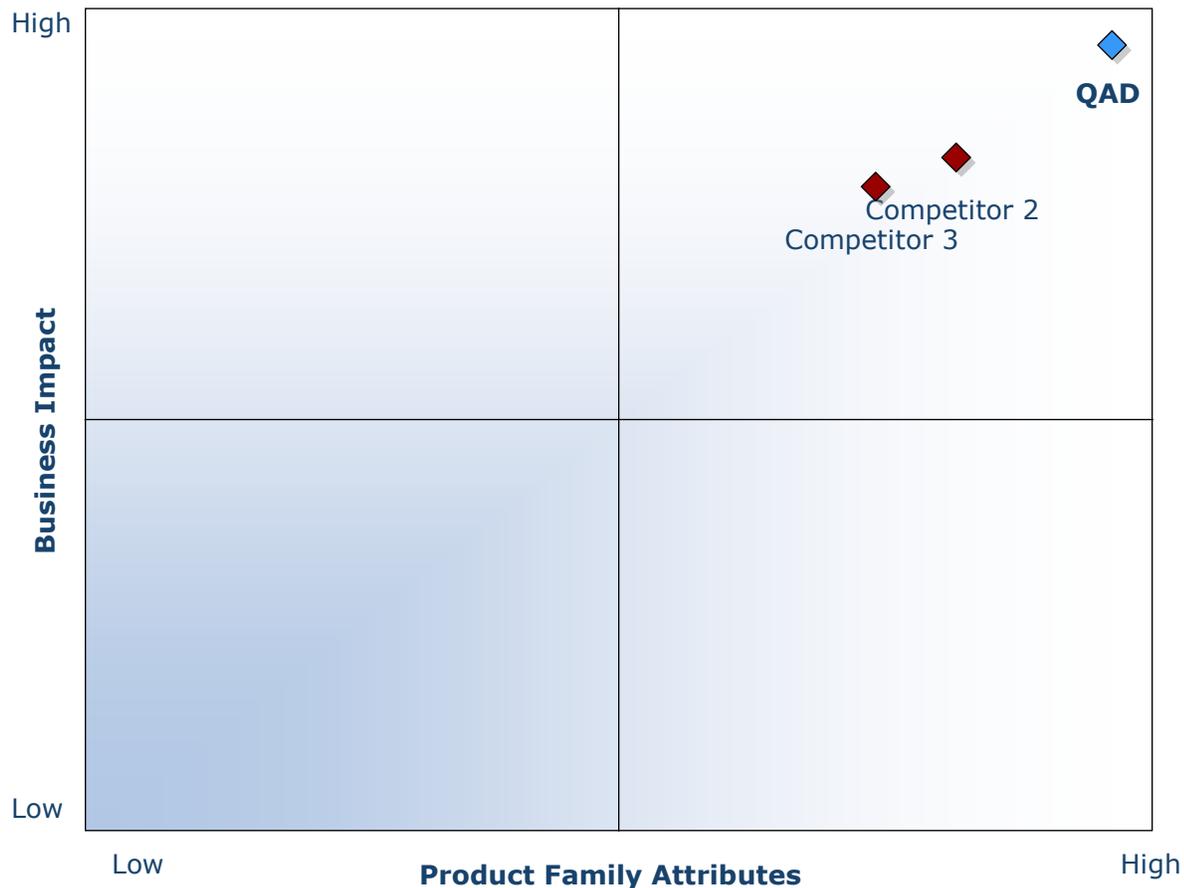
Criterion 5: Human Capital

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 can 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.

DECISION SUPPORT MATRIX: PRODUCT LEADERSHIP AWARD



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 players 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 over 50 years of experience in partnering with Global 1000 companies, emerging businesses and the investment community from 40 offices on six continents. To join our Growth Partnership, please visit <http://www.frost.com>.