

Atos

2015 Global PLM Services
in Discrete Manufacturing
Company of the Year Award



FROST & SULLIVAN



50 Years of Growth, Innovation & Leadership

Background and Company Performance

Industry Challenges

The industrial sector experienced a complete makeover after the change in the global economy. Frost & Sullivan recognizes that increasing raw material costs coupled with the highly competitive environment have pressured manufacturers to search for solutions to improve process efficiency and maximize productivity. Furthermore, manufacturers are faced with challenge of catering to the diverse and dynamic requirements of consumers. In order to progress in the industrial landscape, manufacturers must adopt solutions to harmonize their operational design and streamline their engineering and production activities. With their holistic methodology, Product Lifecycle Management (PLM) services are effective tools that will enable manufacturers to modify their product design and development cycles in ways that will ensure increased efficiency and improved productivity. Frost & Sullivan believes companies that understand this eminent need of the market and develop a suitable solution that caters to the market requirements will emerge as leaders in the PLM services market.

Atos's Visionary Innovation & Performance and Customer Impact

Addressing the Unmet Needs of the Market

Atos is a global leader in providing integrated digital manufacturing solutions and services across the entire product value chain. Product Lifecycle Management is nowadays becoming an enterprise transformation program, going well beyond engineering to embrace the whole of operations, spanning from R&D, manufacturing and maintenance to global sourcing, sales & after-sales, finance (for product costing) as well as innovation. Furthermore, the increasing complexity of product lifecycle necessitates the need to build integrated processes to share data and enable full collaboration across the value chain. In order to attain a successful business model supporting globalization, both business challenges as well as IT impacts should be considered. In this concept of "extended enterprise", collaboration is not only meant internally, but first of all with external partners that will be instrumental to achieve the business goals. And in product development, a key role is played by the eco-system of suppliers who co-design and provide those components and materials which will be a key for the success of a product in the market. Frost & Sullivan finds that Atos successfully caters to this customer need with its Supplier Connect solution. Developed in partnership with Siemens, Supplier Connect is a PLM-based supplier collaboration platform built on Teamcenter software. The idea behind this innovative offering from Atos is to integrate niche and special suppliers and harmonize the processes between the suppliers and the OEM user, thereby ensuring that the end user can deliver innovative products by fast-tracking design and launch cycles, while simultaneously cutting costs and improving ROI. The solution has found widespread acceptance in the industrial sector. As a systems integrator, Atos has been working with the main best-in-class software vendors, including also Dassault Systemes and PTC in innovative projects as well as delivering PLM solutions based on their technology. On the delivery aspects, the head of Engineering-IT in Thales commended the way of working of Atos: "Atos really knows

Windchill and PTC and think with us from a business perspective." The PLM Service Lifecycle Solution of Atos was also praised by Australian Maritime Support stating "A highly advanced Service Lifecycle Management System, enables to better utilize the assets and to optimize the resources." This in itself is testimony to the fact that Atos's innovative solution has catered to the needs of the market and has created a profound and positive impression on its clients.

Another extremely strategic challenge of most of the discrete manufacturers is how to boost revenues on after-sales services and maintenance, in order to keep customers intimacy, brand loyalty and show responsiveness in addressing customers' – always changing – needs. When you think about aerospace market, the focus has been shifting over the years from engineering to manufacturing and after-sales, where it is on the latter that enterprises are focusing as a primary source of revenue increase. Atos has been working on how to address such business ambitions with a right mix of consulting (business processes optimization, roadmapping & business cases creation) and implementations in order to allow business processes, organizations (still often working in silos) and technology to be coupled into one single strategy.

Leveraging Visionary Mega Trends

In today's digital era, Mega Trends such as the 'factory of the future' are not just concepts anymore, with manufacturers already recognizing the potential benefits of the next industrial revolution and developing future factory-ready solutions. Under the umbrella of concepts like Industry 4.0 and Smart Factory are functional attributes such as smart clouds, collaborative IT solutions, and the convergence of industries. Atos has aligned itself to develop solutions that are perfectly in sync with this vision of the factory of the future. A unique value proposition offered by the company is the cloud-based Dynamic PLM Services. Frost & Sullivan analysis shows that the initiative (which has come from Canopy, a company jointly owned by Atos) is ideal for small- and medium-sized businesses, and leverages a cloud-based infrastructure to reduce capital expenditures, improve reliability and quality, and in turn, enable customers to focus on their core competency, leaving Atos to manage the PLM environment. Where the product truly differentiates itself from conventional offerings is its attention to detail on product data security. The company understands how critical such sensitive data can be to users and has ensured that Dynamic PLM Services comply with Atos's robust security framework, which ensures the highest level of security.

Implementation Best Practices

Atos believes that an IT solution provider must have a deep knowledge of the core processes of its clients and understand how business ambitions can be turned into IT services to support their achievement. By doing this, it is possible to provide real value to enterprises and at the same time build a solid expertise of best practices and indicators which could be leveraged by other companies. To provide the best possible return on experience from its 20+ years of projects and performances in the PLM space, Atos has developed M4PLM, a process-driven methodology which concentrate best practices, indicators, processes, data, stakeholders' requirements and functionalities which can reduce dramatically the project timeframe, from business processes to solution implementation.

M4PLM© is fully aligned with the Atos implementation methodology (GDP4PLM) which comprises four stages: assessment of the requirement, developing a suitable solution, implementing the solution built, and the sustained improvement of the solution. Frost & Sullivan notes that the company offers services to its clients across each of these stages, thereby significantly improving productivity and making the entire process seamless. Since Atos applies "agile" implementation techniques in its solutions and services, various decision makers and the implementation team are brought together across various stages of products' lifecycle.

Financial Performance

After the global economic downturn, which affected many key industry participants, Atos announced a strategic 3-year plan in December 2010 aimed at improving profitability and cash generation. The company successfully completed its 3-year plan in 2013, with the company generating €8.6 billion in revenue over the 3-year period. The company's extensive knowledge of the market coupled with its state-of-the-art solutions resonated in the company's financial performance, with Atos reporting significant improvement in profitability (from €422 million in 2011 to €645 million in 2013) and operating margins, increasing substantially. With the successful completion of its 2011–2013 3-year plan and its increased confidence, Atos has set an ambitious target to become the preferred IT brand globally with its new 3-year plan, aptly called Ambition 2016.

Enhanced Performance Value

While cost savings has always been a key requirement among end users, the emphasis on this criterion was amplified after the global economic recession. Customers are on the constant lookout to partner with vendors will maximize cost savings and improve process efficiency. Frost & Sullivan research confirms that Atos delivers enhanced cost value with its application management services. The company's Right-Fit Application Management is the ideal choice for end users looking for an agile and highly efficient solution. As a unique combination of foundation application management and business-enabling application management, Right-Fit equips users with effective business processes by optimizing their existing environment. In doing so, users can witness up to 30–50% reductions in application management costs, enhance their flexibility, and improve their responsiveness to economic and security changes. By effectively optimizing existing IT and business processes, Atos provides a solution that enables customers to witness greater operational efficiency and addresses the individual needs of each user.

Customer Purchase Experience

The customer-centric approach followed by Atos has been instrumental in the company witnessing growth in the PLM services market. The company has an internal scientific community comprising thought leaders from various technological backgrounds and industry verticals who drive visionary Mega Trends among the organization and are instrumental in developing the company's value proposition. However, Atos acknowledges that its customers are its main driver. The company believes that customers' issues and business models are what drive innovations.

Frost & Sullivan is certain that Atos's success in delivering solutions that truly enhance customer value is due to its ability to listen to the voices of its customers. Atos organizes an innovation workshop at least once a year with its customers, in which the company works with its clients and integrates its team of experts from the scientific community to brainstorm on specific topics, which allows Atos to develop new concepts and solutions that will provide improved benefits.

Conclusion

The customer-centric approach adopted by Atos has truly enabled it to develop robust and revolutionary solutions that cater to the immediate needs of manufacturers: improved efficiency, productivity and end user satisfaction. Frost & Sullivan's independent analysis of the PLM Services market clearly shows that the benefits which customers gain by implementing Atos's PLM services and solutions, such as increased ROI and enhanced flexibility have ensured that customers witness a superior experience throughout the product life cycle.

With its strong overall performance, Atos has earned Frost & Sullivan's 2015 Company of the Year Award.

Understanding Company of the Year

To receive the Company of the Year Award (i.e., to be recognized as a leader not only in your industry, but among your non-industry peers as well) requires a company to demonstrate excellence in growth, innovation, and leadership. This kind of excellence typically translates into superior performance in three key areas: demand generation, brand development, and competitive positioning. These areas serve as the foundation of a company's future success and prepare it to deliver on the two criteria that define the Company of the Year Award (Visionary Innovation & Performance and Customer Impact). This concept is explored further below.



As discussed above, driving demand, brand strength, and competitive differentiation all play a critical role in delivering unique value to customers. This three-fold focus, however, must ideally be complemented by an equally rigorous focus on visionary innovation to enhance customer value and impact.

Key Benchmarking Criteria

For the Company of the Year Award, Frost & Sullivan evaluated two key factors—Visionary Innovation & Performance and Customer Impact—according to the criteria identified below.

Visionary Innovation & Performance

- Criterion 1: Addressing Unmet Needs
- Criterion 2: Visionary Scenarios Through Mega Trends
- Criterion 3: Implementation Best Practices
- Criterion 4: Blue Ocean Strategy
- Criterion 5: Financial Performance

Customer Impact

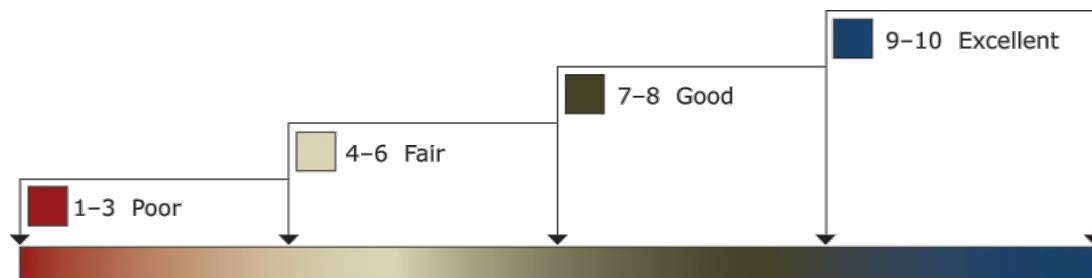
- Criterion 1: Price/Performance Value
- Criterion 2: Customer Purchase Experience
- Criterion 3: Customer Ownership Experience
- Criterion 4: Customer Service Experience
- Criterion 5: Brand Equity

Best Practice Award Analysis for Atos

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 Visionary Innovation & Performance and Customer 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 chose to refer to the other key players as Competitor 2 and Competitor 3.

DECISION SUPPORT SCORECARD: COMPANY OF THE YEAR AWARD

<i>Measurement of 1–10 (1 = poor; 10 = excellent)</i>			
Company of the Year	Visionary Innovation & Performance	Customer Impact	Average Rating
Atos	9.50	9.00	9.25
Competitor 2	9.00	8.00	8.50
Competitor 3	8.50	8.00	8.25

Visionary Innovation & Performance

Criterion 1: Addressing Unmet Needs

Requirement: Implementing a robust process to continuously unearth customers' unmet or under-served needs, and creating the products or solutions to address them effectively

Criterion 2: Visionary Scenarios Through Mega Trends

Requirement: Incorporating long-range, macro-level scenarios into the innovation strategy, thereby enabling "first to market" growth opportunities solutions

Criterion 4: Implementation Best Practices

Requirement: Best-in-class strategy implementation characterized by processes, tools, or activities that generate a consistent and repeatable level of success.

Criterion 3: Blue Ocean Strategy

Requirement: Strategic focus in creating a leadership position in a potentially "uncontested" market space, manifested by stiff barriers to entry for competitors

Criterion 5: Financial Performance

Requirement: Strong overall business performance in terms of revenues, revenue growth, operating margin and other key financial metrics

Customer Impact

Criterion 1: Price/Performance Value

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

Criterion 2: Customer Purchase Experience

Requirement: Customers feel like they are buying the most optimal solution that addresses both their unique needs and their unique constraints

Criterion 3: Customer Ownership Experience

Requirement: Customers are proud to own the company's product or service, and have a positive experience throughout the life of the product or service

Criterion 4: Customer Service Experience

Requirement: Customer service is accessible, fast, stress-free, and of high quality

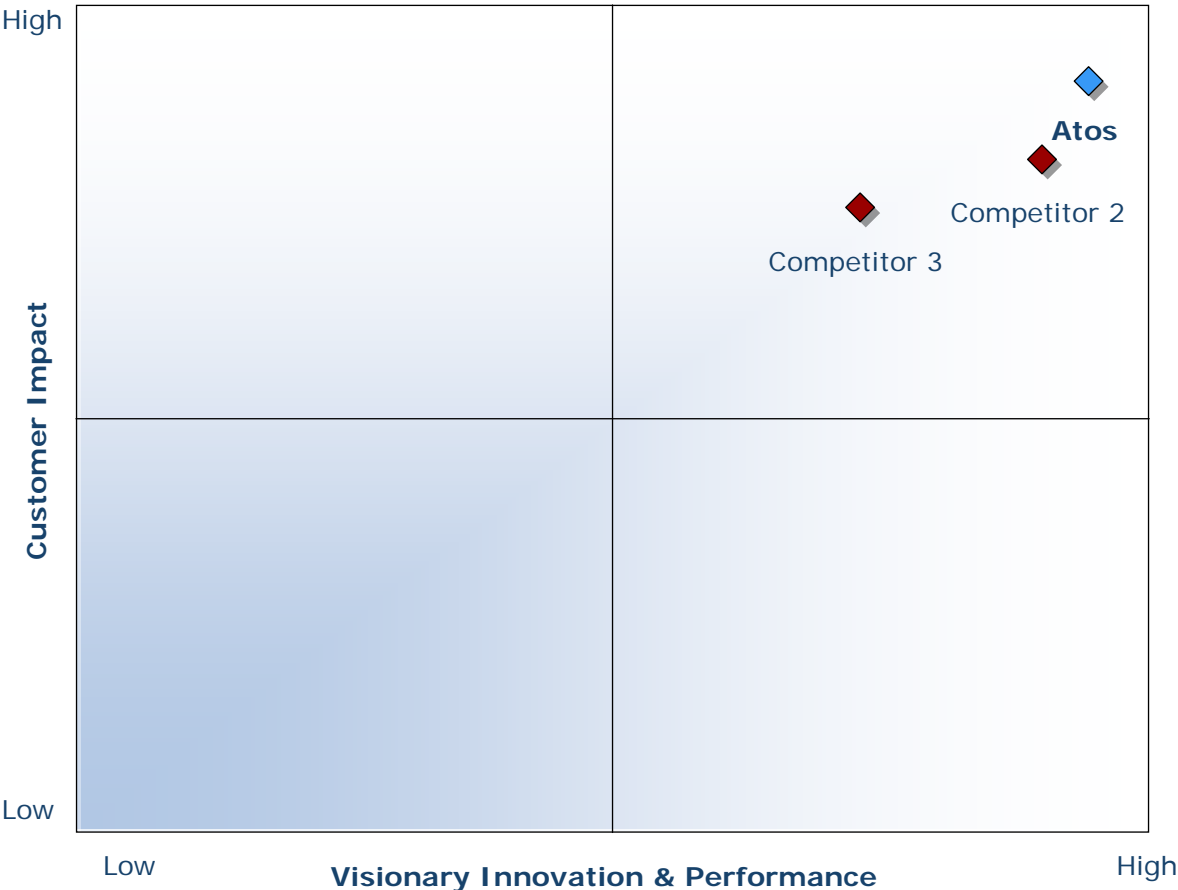
Criterion 5: Brand Equity

Requirement: Customers have a positive view of the brand and exhibit high brand loyalty

Decision Support Matrix

Once all companies have been evaluated according to the Decision Support Scorecard, analysts 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: COMPANY OF THE YEAR 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 more than 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>.