E2**OPEN**®

2018 Global Multi-enterprise Network, Supply Chain Planning & Execution for Consumer Goods Product Leadership Award

FROST & SULLIVAN

2018 BEST PRACTICES AWARD

GLOBAL MULTI-ENTERPRISE NETWORK, SUPPLY CHAIN PLANNING & EXECUTION FOR CONSUMER GOODS PRODUCT LEADERSHIP AWARD

2018 BEST PRACTICES AWARDS

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Industry Challenges

When adopting a global supply chain operating model, consumer goods manufacturers interact with a much more broad, diverse, and complex set of partners in the value chain (suppliers, contract manufacturers, co-packers, 3PLs, and other service providers) due to increased outsourcing to trading partners. This trend along with developments in product innovation and expansion into new markets and segments makes their supply chains more complicated than ever. Such complexity presents a new set of challenges such as the manufacturer's ability to predict demand, assess the impact of supply chain disruption due to lack of end-to-end visibility, and bring products to market quickly and cost-effectively while ensuring timely delivery to customers, to name a few top impacts.

Part of these challenges stems from the fact that outsourcing can impact product traceability and quality. Yet stand-alone planning solutions intended to address each challenge will not work. These solutions provide an up-to-date view of only the manufacturer's respective business, which will not suffice. In addition, stand-alone planning solutions and business-to-business (B2B) networks do not function in real-time, are not multi-enterprise, cannot deliver a comprehensive supply chain model, and fail to offer planning and execution assistance.

Under such circumstances, vendors that can provide a real-time multi-enterprise business network that combines multi-enterprise connectivity, delivers a broad portfolio of next-generation management solutions (including planning and execution), addresses the aforementioned challenges, and enables consumer goods manufacturers to efficiently run their most complex supply chains are expected to secure a leadership position in the market.

Product Family Attributes and Business Impact

Match to Needs

Dedicated to solving the major challenges today's consumer goods manufacturing customers battle, E2open offers an end-to-end integrated platform with a sense-response network that features full planning and execution capabilities. These product characteristics make E2open one of the very few companies that can deliver multi-enterprise network, planning, and execution at scale. The company differentiates itself from all the other vendors on several fronts; chief among them is enabling a sense-response network that can power today's multi-enterprise supply chain. Therefore, E2open's multi-enterprise business network delivers greater end-to-end visibility across the entire value chain, that is, from consumers to multiple tiers of supply as well as interconnecting internal and external business ecosystems. In other words, one business network connects all external trading partners.

Full Planning and Execution Capabilities:

E2open's platform is closed-loop, so planning is closely coupled with execution, and execution feeds back to the plan. This approach allows customers to make adjustments. Here is where Frost & Sullivan sees E2open demonstrate its unique product leadership. By enabling the end-to-end automation and management of key supply chain processes, from planning to execution, across internal and external partners and customers on every tier of the business network, the company has gone over and above simple B2B integration. What largely differentiates E2open is that it gives customers visibility across the entire value chain so they can plan, execute, and collaborate across it.

Currently, E2open's multi-enterprise cloud connectivity solution is one of the world's largest direct business networks with over 60,000 trading partners. Business partners across the globe can now work together seamlessly and exchange accurate information securely in real time to deliver the right products to the right customers at the right time. Therefore, Frost & Sullivan believes that with E2open, consumer goods manufacturers, by getting the much needed visibility, collaboration, and control, can now run even the most complex and responsive supply chains to ultimately achieve and maintain profitable demand fulfillment.

One of the platform's distinct features is its comprehensiveness. Keeping in mind that today's consumer goods manufacturers need a new class of comprehensive technology solutions to thrive in new business networks, E2open offers a unique combination of next-generation solutions including sourcing & procurement, quality & traceability, inventory visibility & optimization, supply planning & response, logistics & fulfillment, S&OP/financial planning, demand planning & sensing, channel data management, and channel performance optimization. As a result, consumer goods manufacturers no longer have to be held back by stand-alone planning solutions. The platform is future-proof. As such, E2open's broad portfolio of solutions positions its customers to not only meet their current needs but also to scale easily, grow quickly, and update their model as their businesses evolve in tandem with emerging market trends.

The aforementioned solutions align well with the needs of consumer goods companies. For instance, quality & traceability solutions help customers meet the increasingly higher product standards, whereas demand planning & sensing solutions help to assess the impact of quickly shifting trends and accurately predict demand. In essence, Frost & Sullivan applauds E2open for offering an end-to-end platform that enables consumer goods manufacturers to run their entire supply chain from just one place in the cloud and enjoy flawless performance at every point along the way.

Positioning & Design

Two key aspects of E2open's product design and market positioning are the synthesis of data, algorithms and the network; and "Harmony", which is E2open's unified user-experience and analytics framework stretching across all their solutions.

Data + Algorithms + Network:

The 4th industrial revolution is driven by data and algorithms, and that applies to supply chains as well. Cognizant of this trend, E2open's value thesis, its positioning and design, is based on a combination of data, algorithms, and network. Whereas competing solutions rely on historical sales to forecast demand, which results in poor customer service and increased inventory, E2open is strikingly different. Its demand planning and sensing solutions use automation, artificial intelligence (AI), and machine learning (ML) algorithms to analyze end-to-end (enterprise-wide as well as the extended supply chain) data and information in real-time with maximum granularity. Such powerful, built-in analytics capabilities make E2open's platform a data-rich solution as it converts data from broad sources into actionable intelligence. For instance, the resulting volume of actionable insights can be used for accurate demand planning and sensing. Frost & Sullivan believes that the aspects of E2open's automation, AI, and ML technology that deliver superior value to consumer goods manufacturers are the ability to more accurately predict demand (short and long-term), enable better supply response decisions, reduce short-term forecast error by 30 to 40%, increase accuracy of long-term forecast by 15%, and consequently, improve customer service. In addition, the automation of time-consuming, repetitive, low-value manual processes (such as managing spreadsheets) and the streamlining of all planning activities result in efficient tasking and increased planner productivity and performance.

Harmony, the Next-Generation User Experience:

Regardless of their role, whether in planning or logistics, users want to be able to share a single version of the truth and a single set of data across the entire connected supply chain. In an effort to address this, E2open has built Harmony, a well-defined, intuitive user interface with user-friendly tools that ensures a modern way to manage the entire supply chain in an easy to use, up to date, and personalized fashion that delivers a superior user experience.

Harmony runs across E2open's entire portfolio of supply chain solutions. Therefore, by ensuring that all participants (executive, supplier, demand planner, supply planner, procurement manager, contract manufacturer, logistics professional, quality manager, etc.) across the supply chain ecosystem visualize and have the same version of the truth, facilitates collaboration and connectivity among them, fostering a supportive business environment with real-time insights needed to plan and execute the right actions at the right time. In addition, customers can define and maintain control of user access

permissions at all levels of the solution where a hierarchy can be maintained by groups as well as by individual users. In this way, Harmony is permissions-driven or role-based so that users see only what they are supposed to see depending on their permission level and role.

E2open believes that visual representation of a plan and visual indicators of performance are powerful elements of success. To this end, Harmony features personalized dashboards, easy drill-downs, and actionable workflows to ensure ease of use, increased performance and productivity, and a superior user experience. With the growing use of tablets and other mobile devices, Harmony is designed to be accessible by any device. Such improved mobility and responsiveness enables users to not only remotely gather relevant information that impacts their day-to-day operations but also visualize, plan, collaborate, and execute to make real-time supply chain improvement decisions from anywhere, anytime.

E2open's supply chain solutions are all delivered on-demand from the cloud, which ensures lower total cost of ownership (TCO) as it covers all software, operations, and onboarding. Provision of the aforementioned unique product design attributes is set to help E2open increase adoption of its platform.

Customer Acquisition & Growth Potential

E2open sells direct and through systems integrators. With 60,000 trading partners, 215,000 users, and 3.0 billion transactions processed annually on its network, E2open has upwards of 260 customers that are spread across more than 180 countries. Some of its leading customers include Procter & Gamble, Land O'Lakes, Pepsi, Kimberly-Clark, and Kellogg's. Committed to maximizing the value proposition for its customers, E2open offers flexible options for letting them choose and license only the solutions needed yet extends the ability to add more, based on future business needs. What makes E2open even more attractive to consumer goods manufacturers is that it enables supply chain managers to accurately predict demand; maintain higher standards for product traceability and quality; cost-effectively manage store deliveries, inventory levels, and supplier re-orders; and ensure timely delivery to its customers.

The scalability of E2open's platform and broad portfolio of next-generation solutions make E2open applicable and appealing across a wide range of industries. Therefore, the company has been successful in promoting product leadership not only in the consumer goods industry but also in high-tech, industrial manufacturing, oil and gas, aerospace and defense, pharmaceutical, and automotive. Some of its other customers include Google, Assa Abloy, Exxon Mobil, MillerCoors, and Sanofi. Frost & Sullivan believes that with a robust and continuously expanding customer base across a plethora of industry verticals, E2open is expected to further strengthen its position and boost its growth potential in the coming years.

Financial Performance

E2open experienced a remarkable turnaround as its revenues grew from $75 million 2 years ago to $173 million in FY18 (February ends the fiscal year.) with an EBITDA of $32 million. The company has long-term subscription contracts, and for FY19 it is expecting $195 million in revenues and $45 million EBITDA. Strong cash balances allow E2open to invest in the areas it desires. The company made 4 acquisitions (Steelwedge for its S&OP, Terra Technology for its demand sensing and planning, Zyme Solutions for distributor channel management, and Orchestro for retailer channel management) in the last 24 months and is still in acquisition mode. In 2018 the company made two new acquisitions in the demand signal management/channel data management space. Birch Worldwide and Entomo that are now part of E2open bring complementary capabilities to further increase the depth of E2open's channel solutions, thereby allowing the company to offer the most comprehensive channel solution in the market. These acquisitions not only strengthen E2open's solutions portfolio but also present a good crossover for cross-selling/upselling opportunities because of the complementary capabilities these companies provide. Frost & Sullivan believes that E2open's strong financial momentum, profitability, and cash flow are expected to enhance its team size, spree of further acquisitions, working capital, and customer engagement going forward.

Conclusion

Today's consumer goods manufacturers are struggling with the complexity of running multi-enterprise supply chains and need real-time operating network solutions that will connect all trading partners, allowing them to run even their most complex supply chains collaboratively and securely. E2open's multi-enterprise cloud connectivity platform successfully addresses this need. The company has secured a competitive edge by solving another critical challenge faced by companies, which is their reliance on high-latency, expensive, and time-consuming stand-alone point solutions that only provide single-tier visibility and lack fully functional capabilities to meet all their needs.

E2open excels in rendering unmatched product and customer value by offering an integrated platform with a broad portfolio of next-generation solutions and a sense-response network that provides end-to-end visibility into every tier of the business network. With benefits ranging from improved ability to accurately predict demand, better supply-response decisions, optimum customer service through timely delivery to higher standards for product traceability and quality, E2open has clearly enhanced the value proposition for its customers, thereby setting a high standard in the supply chain management domain. With its strong overall performance, E2open has earned Frost & Sullivan's 2018 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.

- Acquire competitors' customers
- Increase renewal rates
- Increase upsell rates
- Build a reputation for value
- Increase market penetration

- Earn customer loyalty
- Foster strong corporate identity
- Improve brand recall
- Inspire customers
- Build a reputation for creativity

DEMAND

BRAND

Product Leadership

COMPETITIVE POSITIONING

- Stake out a unique market position
- Promise superior value to customers
- Implement strategy successfully
- Deliver on the promised value proposition
- Balance price and value

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 E2open

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

9–10 Excellent
7–8 Good
4–6 Fair
1–3 Poor
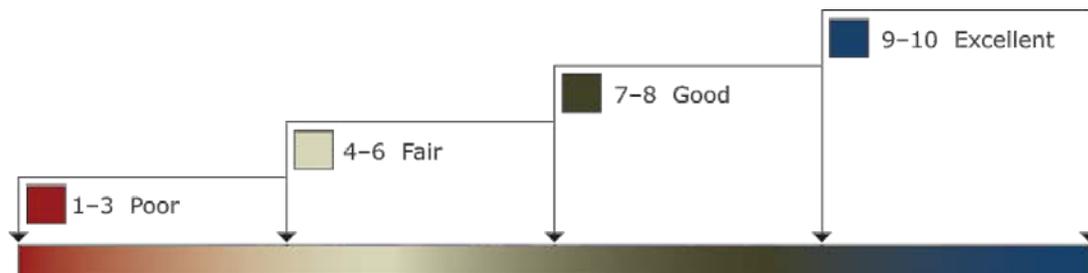
The Decision Support Scorecard is organized by Product Family Attributes and Business Impact (i.e., These are the overarching categories for all 10 benchmarking criteria; the definitions for each criterion are provided beneath the scorecard.). The research team confirms the veracity of this weighted 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.

Measurement of 1–10 (1 = poor; 10 = excellent)			
Product Leadership	Product Family Attributes	Business Impact	**Average Rating**
E2open	**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.
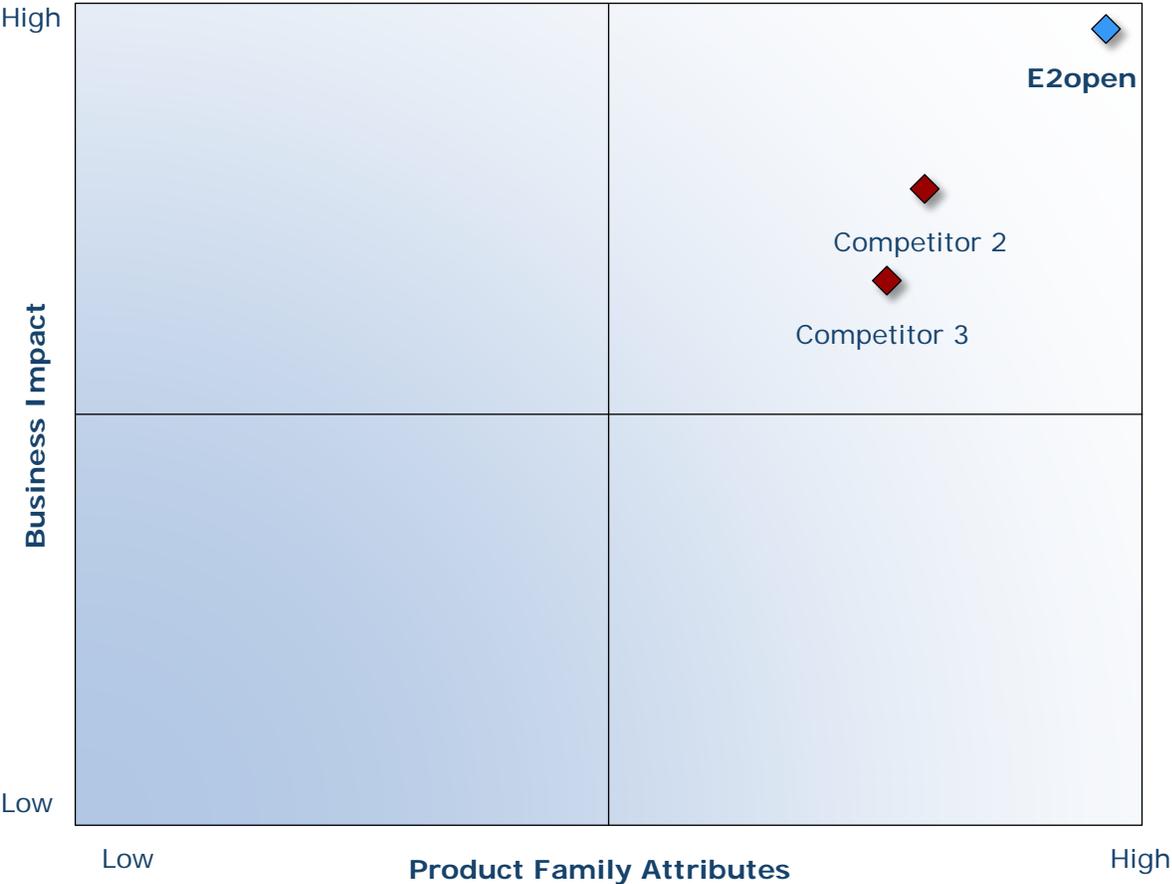
Best Practices Recognition: 10 Steps to Researching, Identifying, and Recognizing Best Practices

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	• 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	• 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	• 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	• 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	• 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	• 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	• 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	• 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	• 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	• 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.