2011 SuRe (Supplier Relationship) Index

Automotive News Europe Congress Cologne

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June 30th, 2011

What is the SuRe index?

Objective

Benchmark of OEM working relations with their supply bases

How?

Arranging the qualitative ratings suppliers give on 28 metrics (both relational and economic) as measured ANE-SupplierBusiness well-established OEM-Supplier relations survey, in a quantitative measure

When?

Annually (May-June through our OEM-Supplier relations survey in collaboration with Automotive News Europe)

Output

An overall number on a 0-1000 scale plus 5 individual scores for the 5 “concepts”

The metrics

1. Price reduction
2. Reward cost-saving ideas
3. Management of raw material price adjustments
4. Payment of development costs
5. Tooling cost reimbursement
6. Satisfactory return on investments
7. Payment terms
8. Support in achieving cost reductions
9. Quality and stability volume planning

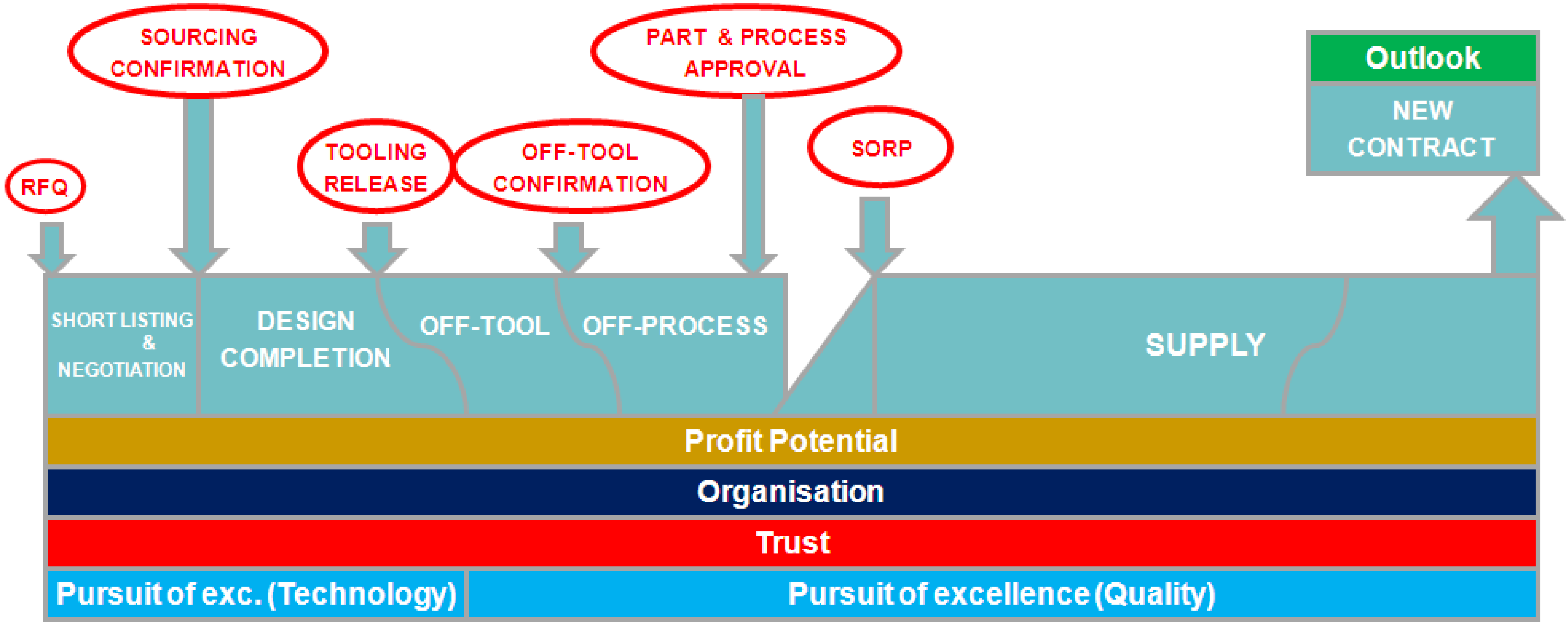
10. Technical Competence
11. Preparation model launch
12. Quality of communication
13. Support in improving quality
14. Management of Engineering Change Orders
15. Time-consumingness of contract negotiation
16. Redesign required

17. Shift of business to cheaper supplier
18. Protection of supplier's intellectual property
19. Keeping agreements on price

20. Demands to achieve high quality
21. Demands for best product technology
22. Demands for better logistics
23. Demands for product liability guarantees
24. Demands test and validation

25. Attractiveness
26. Long-term prospects
27. Opportunities for new or increased business
28. Openness in accepting new suppliers

The “concepts”



<400	Critical area
<450	Lower threshold
≈550	Average
>650	Somewhat satisfactory
>700	Outstanding achievement

The “concepts”

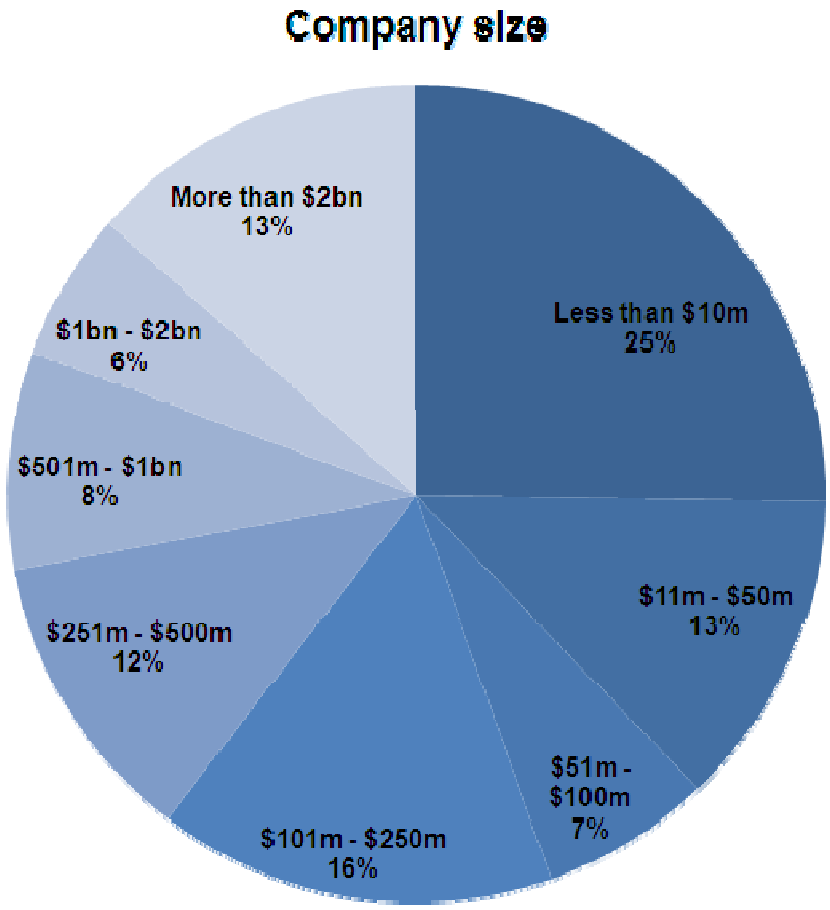
Limited	Profit Potential	Substantial
Unhelpful	Organisation	Supportive
Untrustworthy	Trust	Reliable
Unambitious	Pursuit of excellence	Ambitious
Negative	Outlook	Positive
0	SuRe	1,000

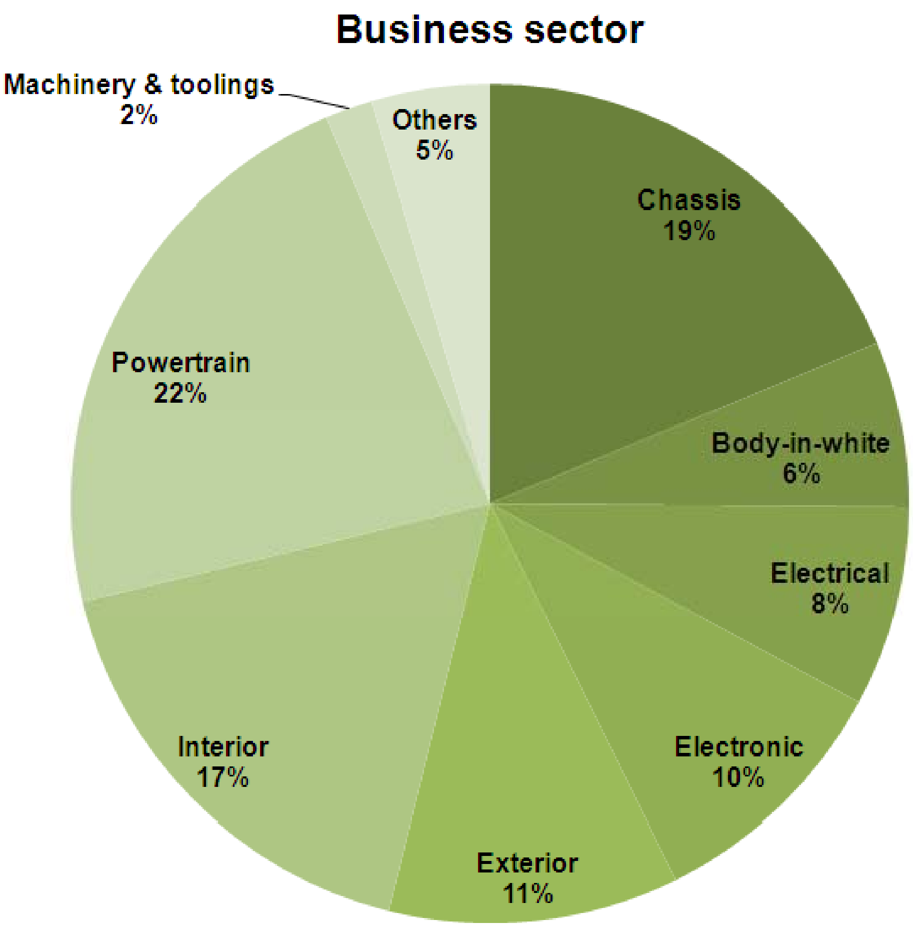
What does it mean to have a high SuRe?

	For the OEM	For the SUPPLIER
Costs/ Competition	Supplier more willing to "open books"	Savings achieved concertedly and with the support of the OEM, Healthy margins at arm's length
	Supplier unlikely to claim inflated additional costs	No threat of retaliation from the OEM
Development	Supplier more likely to respect OEM deadlines in development	OEM's personnel support the supplier in the different phases from contract negotiation to supply
	Lower risk of being overcharged in the event of Engineering Change Orders or in tooling costs claims	Communication is clear and effective
Quality & Technology	The OEM and supplier committed to achieve best-in class performance for quality and technology	Negotiation more technology-driven than price-driven
	The carmaker has preferential access to suppliers' innovation	More protection for the supplier's intellectual property

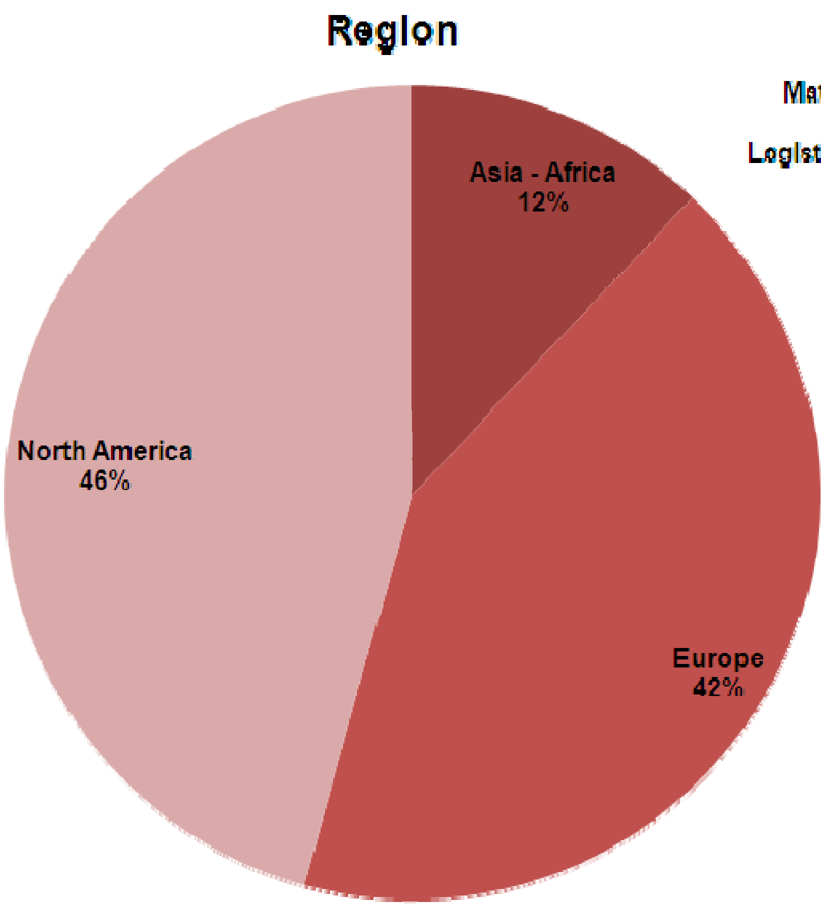
Underlying survey demographics

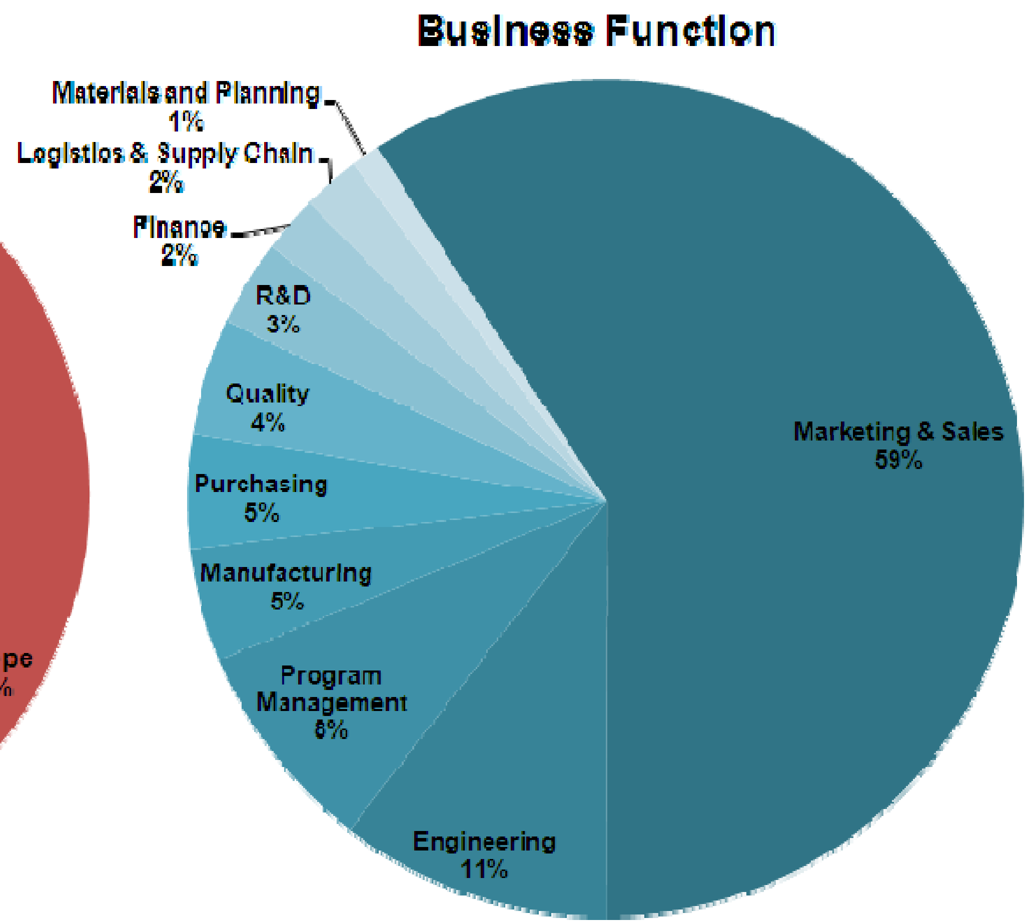
223 respondents



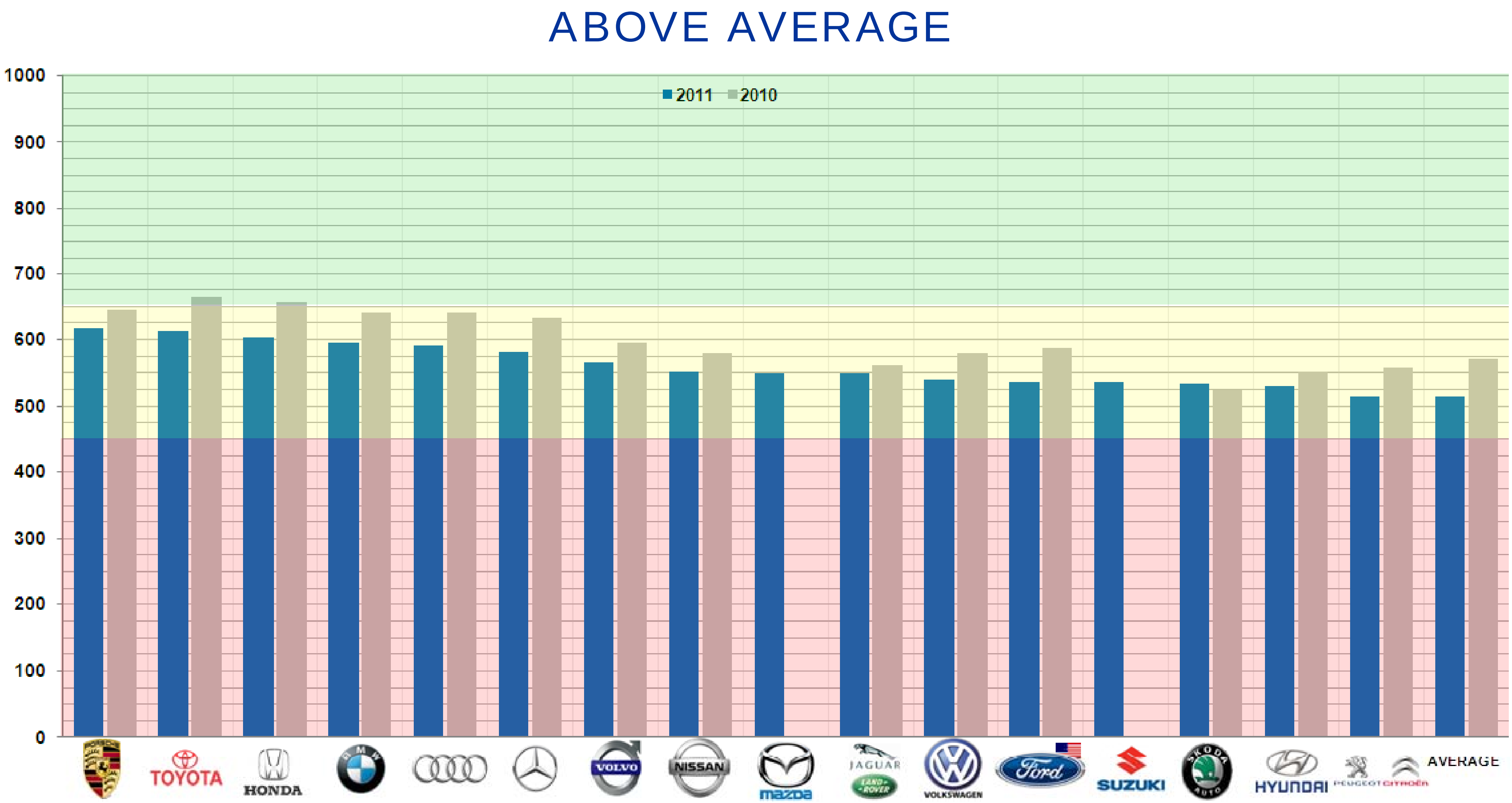


Underlying survey demographics





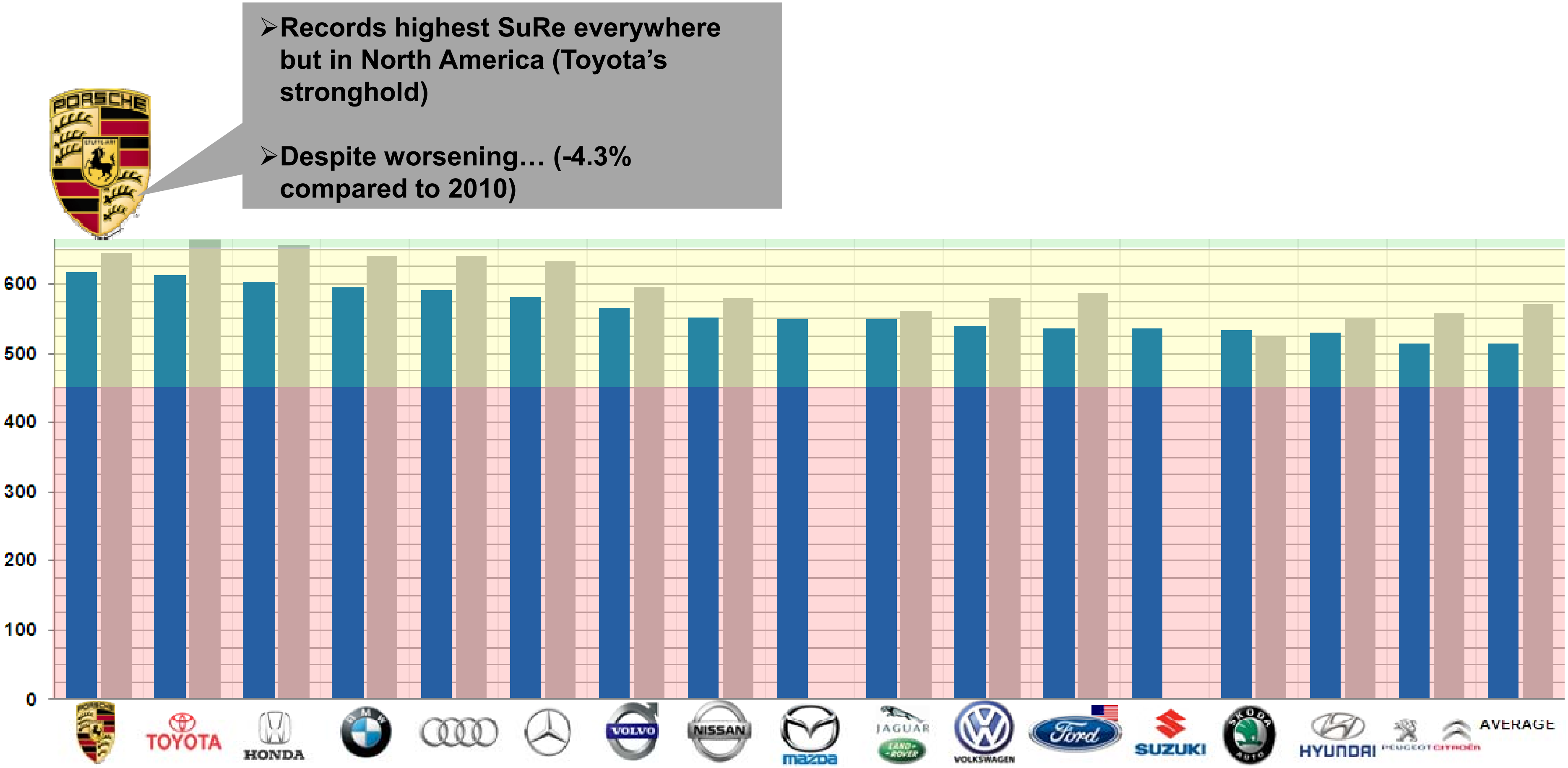
2011 SuRe index – Global



Mazda and Suzuki not surveyed in previous years
Hyundai includes Kia

2011 SuRe index – Global

ABOVE AVERAGE



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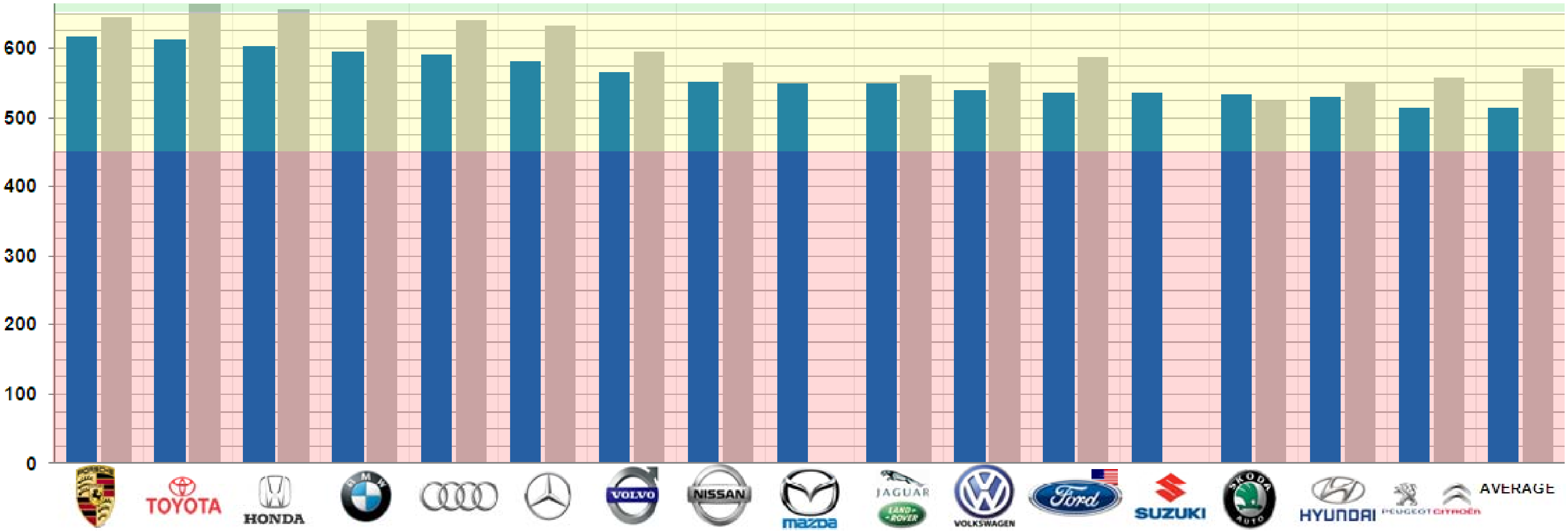
2011 SuRe index – Global

ABOVE AVERAGE

HONDA

TOYOTA

- ↓ Outlook, Japanese crisis?
- ↓ "Organisation" concept, particularly in the support
- ↓ Profit potential for suppliers, but still leading in this area



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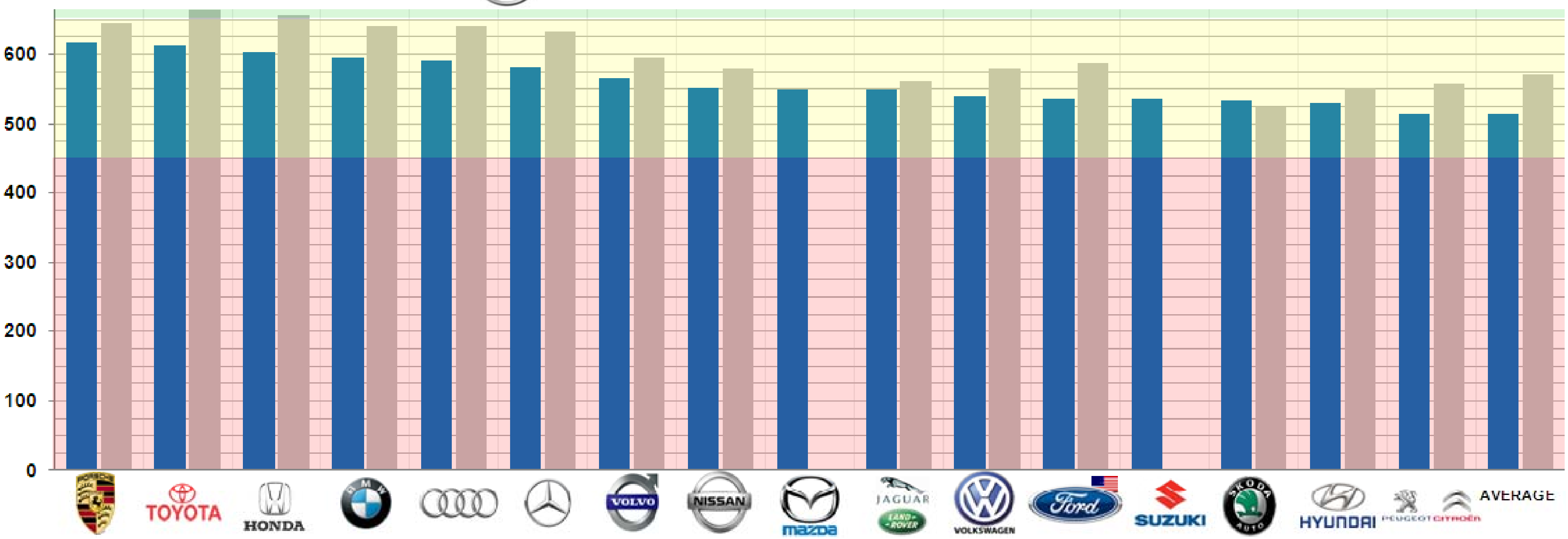
2011 SuRe index – Global

ABOVE AVERAGE

- Differences between the three being flattened out on a global basis
- On a par for profit potential
- Some regional differences persist



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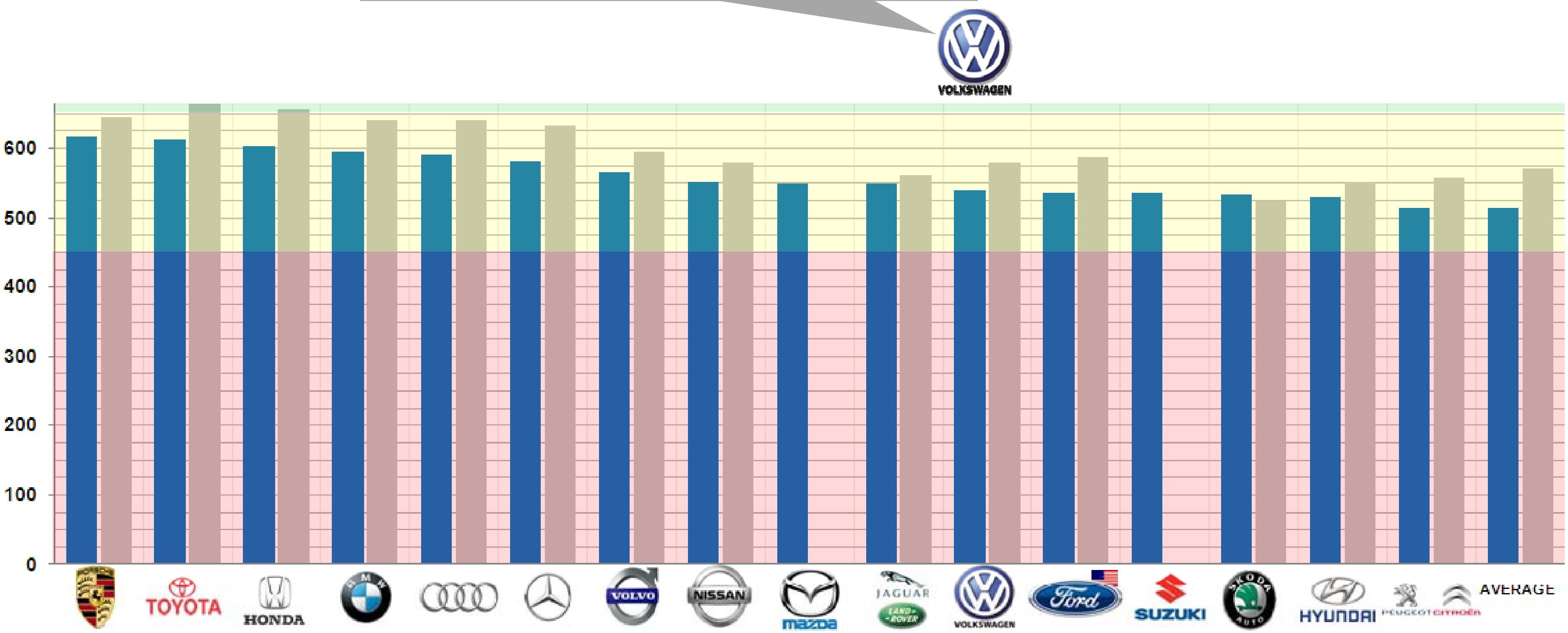
2011 SuRe index – Global

ABOVE AVERAGE

- ➢**Relations deteriorating across the board**
- ➢**But maintains strong vendor preference**



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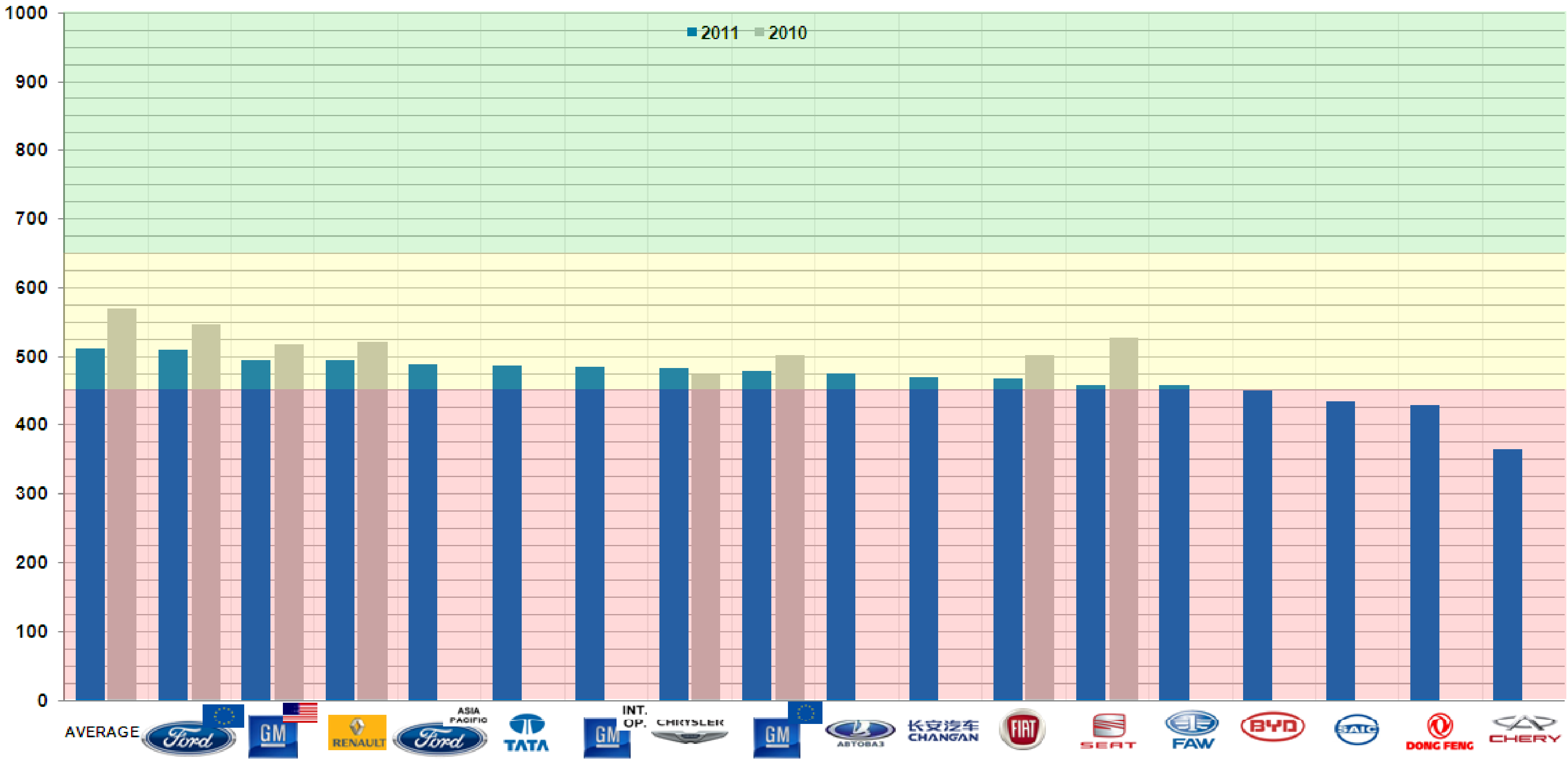
2011 SuRe index – Global (2)

BELOW AVERAGE

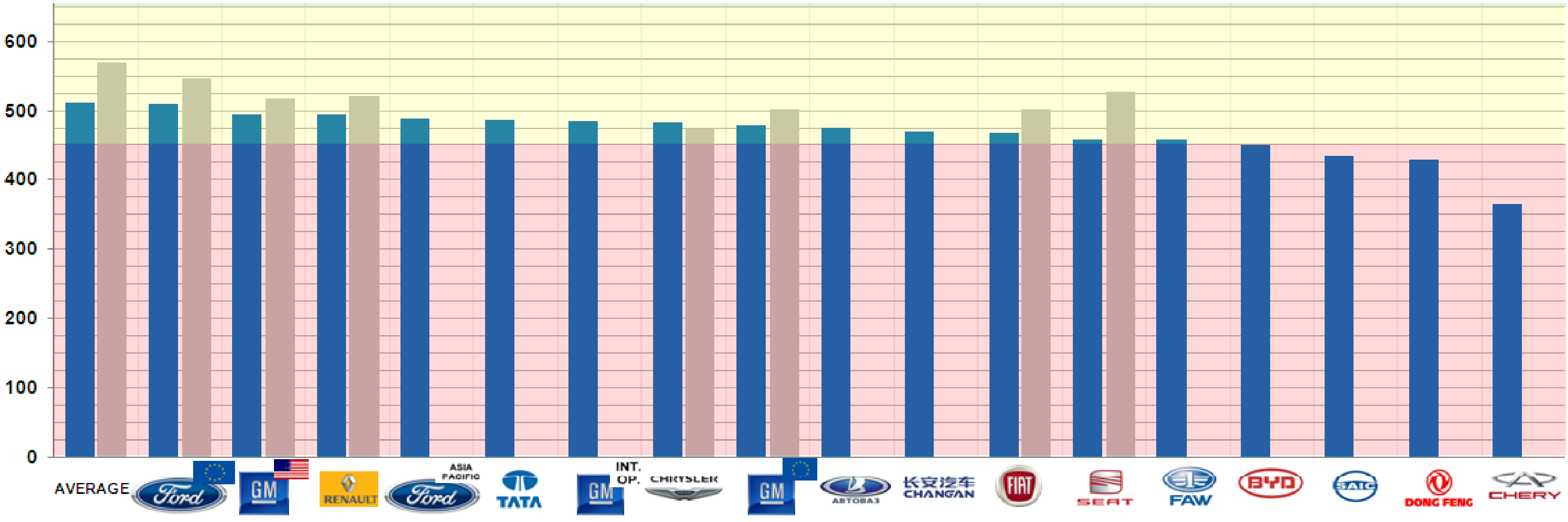


Ford APAC, GMIO,Tata, Avtovaz, Changan, FAW, BYD, SAIC, DongFeng, Chery not surveyed in previous years
Subaru and Great Wall not included (<15 respondents)

2011 SuRe index – Global (2)

BELOW AVERAGE

- Chrysler the only star in 2011, but starts from a low base…
- GM and Ford are better positioned than in the past



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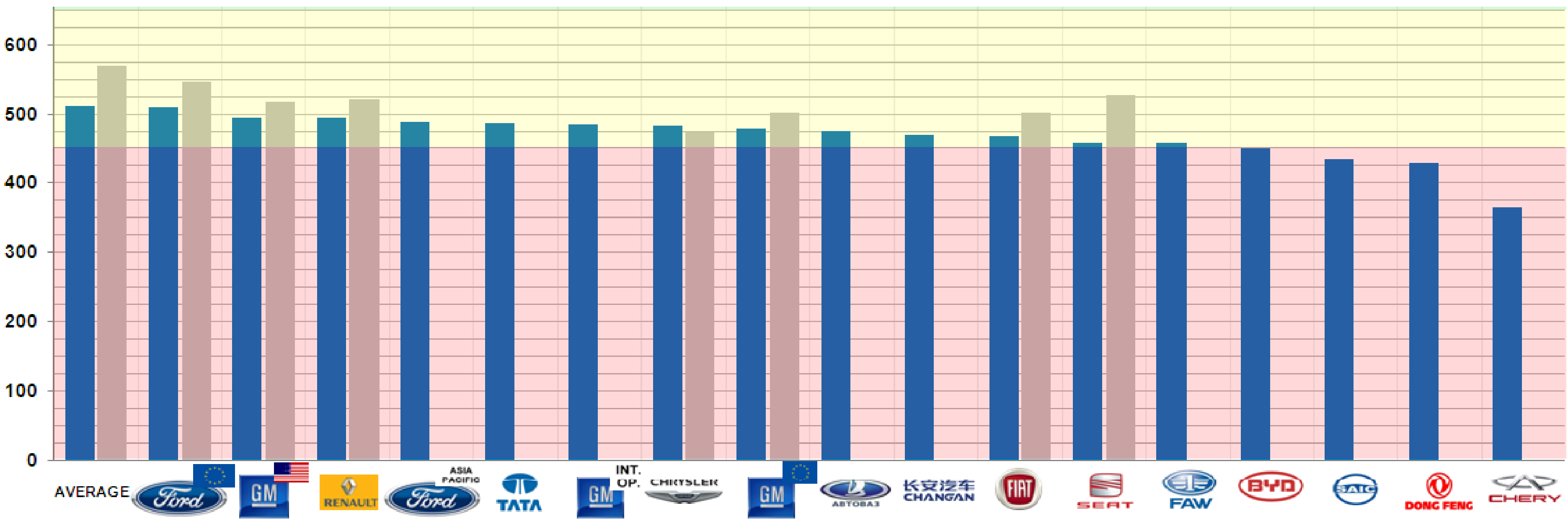
2011 SuRe index – Global (2)

BELOW AVERAGE

- Chronically ill relations
- SEAT for alleged reduction of supplier margins
- FIAT for unclear prospects on the product side



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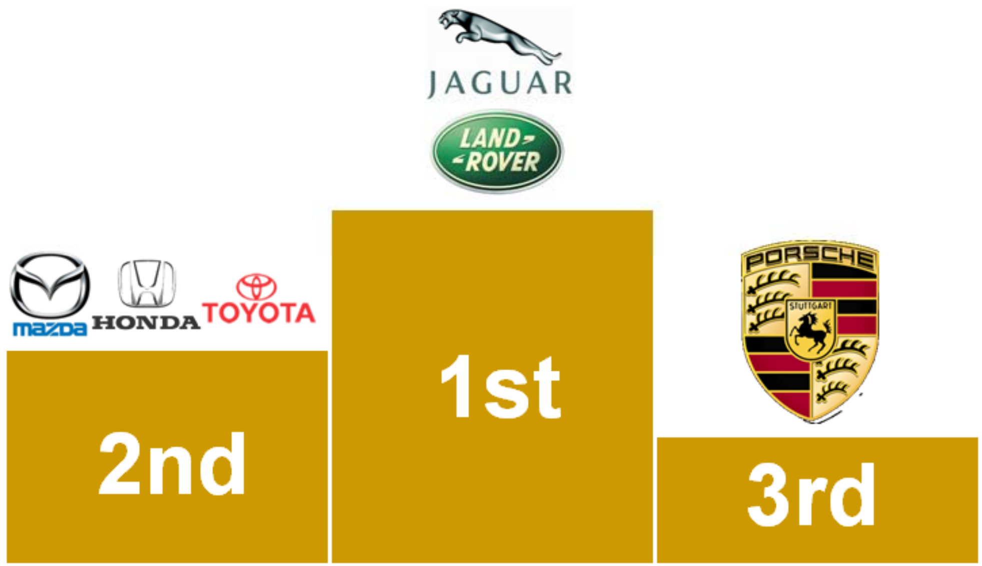
SuRe – 2011 Profit Potential

PROFIT POTENTIAL



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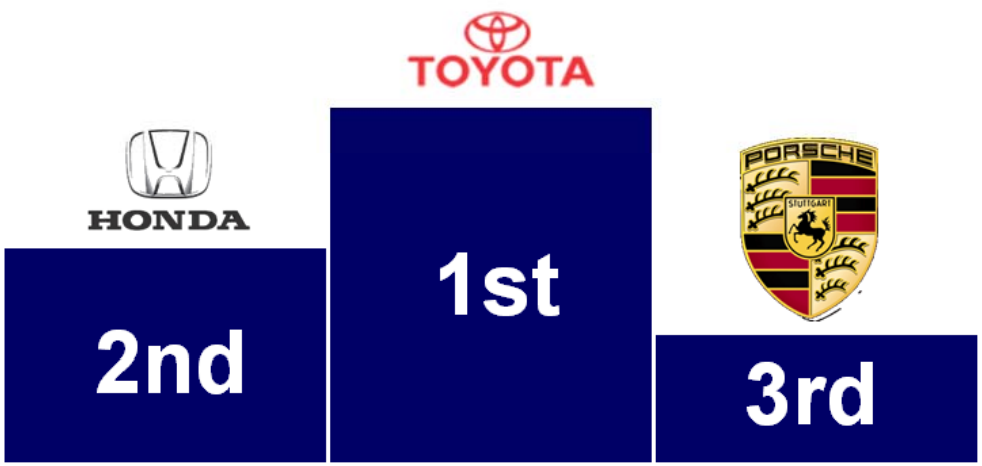
- JLR steady improvement
- VW group brands all substantially worse than in 2010
- VW brand on a par with GM-NA and Renault
- Fiat, GM Europe and SEAT the more "thrifty" in Europe

SuRe – 2011 Organisation

ORGANISATION



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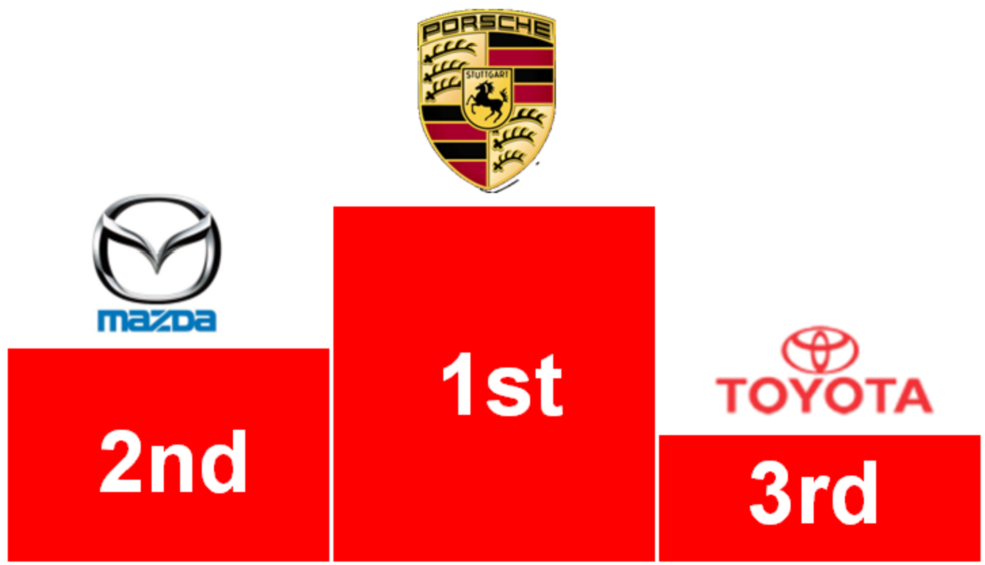
- Toyota maintains an advantage despite dropping ratings
- Chrysler and GM North America need to improve further

SuRe – 2011 Trust

TRUST



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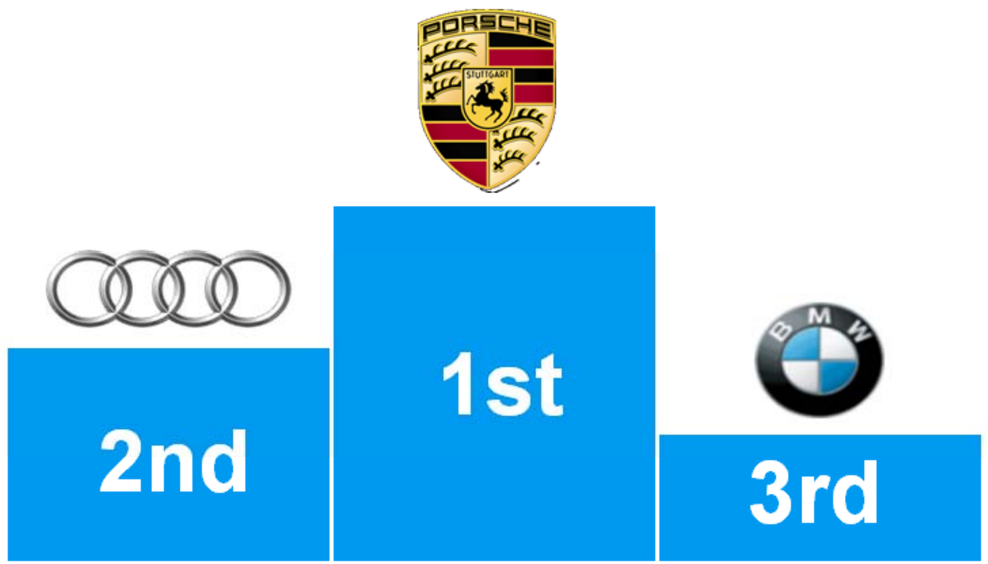
- Chrysler and GM need to improve further
- GM worse than all Chinese brands apart from Chery

SuRe – 2011 Pursuit of excellence

PURSUIT OF EXCELLENCE



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- Remains a German stronghold
- All but Skoda and Hyundai recorded lower ratings
- BYD the closest Chinese brand to EU/NA standards in this category

SuRe – 2011 Outlook

OUTLOOK

25. Attractiveness
26. Long-term prospects
27. Opportunities for new or increased business
28. Openness in accepting new suppliers

- VW maintains strong vendor preference
- GM North America particularly more attractive
- Clear bias of suppliers' preferences in the Chrysler/Fiat alliance with the first preferred to the latter

The SuRe Index is an IHS Automotive SupplierBusiness global study. For more information about the index, please visit: www.supplierbusiness.com/sureindex

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