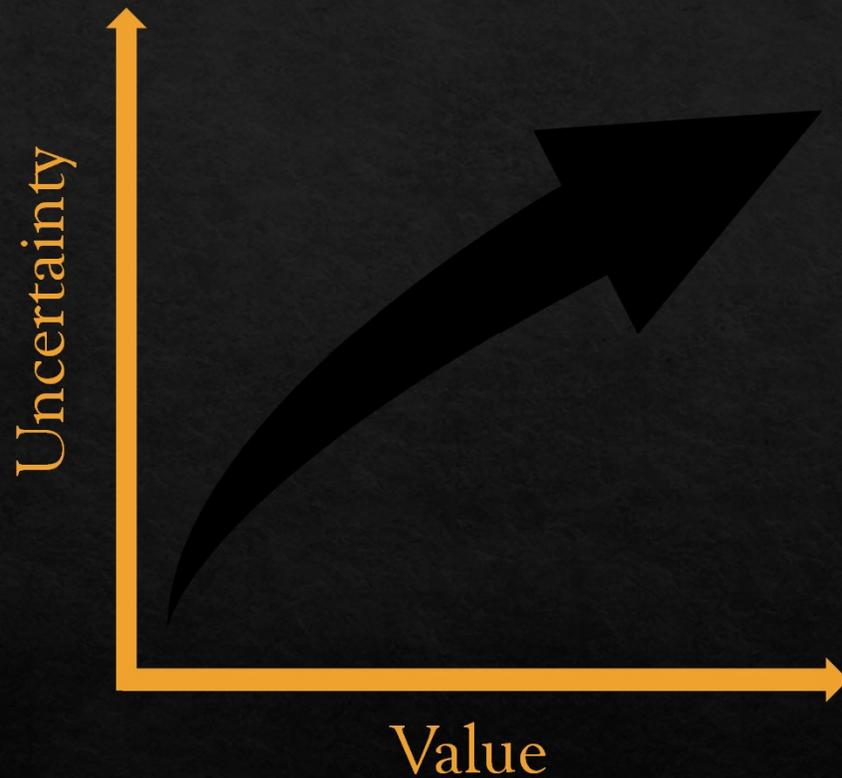




Innovation &  
Sustainable  
Competitive  
Advantage



- Value & Risk are highly correlated
- Risk management is integral to successful innovation
  - Develop your customer champions
  - Set generational performance & cost targets
  - Implement a strategic *Stage-Gate* discipline
  - Build the right team
  - Conduct periodic failure mode analyses

Innovation

Performance

Cost

Major Modes

Supply Chain

New Category

# Performance Enhancement

- ◇ Customers can readily lead in defining requirement
- ◇ Performance based valuation and IP based pricing
- ◇ First to market or fast to follow strategies
- ◇ Requires continuous improvement to avoid price erosion or share loss

# Cost Reduction

- ◇ Supplier value chain optimization – value shared by customer
- ◇ Required in the absence of sellable performance improvement opportunities
- ◇ Process innovation and optimization are key to success
- ◇ Sustainable only while the optimization enjoys IP or contractual protection

# Supply Chain

- ◇ Least apparent path to market innovation
- ◇ Combination of technology and service to reduce complexity and overall cost
- ◇ Requires deep knowledge of the incumbent industry and customer behavior
- ◇ Potential for market transformation and customer-supplier value-sharing

# New Category

- ◇ Obsolescence of existing technology category
- ◇ High risk-high reward
- ◇ Must offer step change advantage in performance, sustainability or cost
- ◇ High IP and sustainable competitive advantage opportunity

# Why Materials Inquiries?

- ◇ Highly experienced team in
  - ◇ Value assessment
  - ◇ Product profiling
  - ◇ Market alignment
  - ◇ Customer negotiations and *voice of customer* exercise
  - ◇ Intellectual property management
  - ◇ Scale up and process development